



# 2017 PCSC CSR

Corporate Social  
Responsibility Report



## About this Report

This is the ninth corporate social responsibility (CSR) report issued by President Chain Store Corporation (PCSC) in accordance with the Global Reporting Initiative's core G4 Guidelines. This annual report explains PCSC's viewpoints and actions taken in regards to CSR, as well as the outcomes and future plans of 2017 initiatives concerning corporate governance, economics, the environment, and society etc. Importance and issue analyses (see the chapter on stakeholder engagement) were also used to select critical issues for PCSC in the hopes to create the most benefit for all stakeholders through various channels including disclosure, communication, and feedback in order to accomplish our ultimate goal of becoming the greatest retail business.

## Dates, scope, and data included in this report

This report details PCSC's CSR performance for the 2017 calendar year (January 1, 2017 to December 31, 2017) and some of the information herein includes CSR performance before 2017. This report focuses on PCSC (business headquarters and retail locations) and includes information on green logistics, energy-saving, and low-carbon emissions for four affiliated companies: Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, and President Logistics International Corporation. Future reports are expected to include data from other affiliated companies in order to exemplify the information integrity of PCSC's value chain. The financial data in this report partially incorporates public information attested by a certified public accountant and are all expressed in New Taiwan Dollars. Other data stems from internal audits and statistics. Data on greenhouse gases was calculated using the most recent carbon emission coefficients reported by Taiwan's Environmental Protection Administration and Bureau of Energy.

## Report certification

PCSC engaged PricewaterhouseCoopers (PwC) Taiwan in limited assurance to draft this report in accordance with the Republic of China Standard on Assurance Engagements Bulletin No. 1 Assurance Engagement Other than Audits or Reviews of Historical Financial Information. The assurance engagement is provided as an appendix to this report.

## Release date

PCSC regularly releases annual CSR reports and discloses them on the company website at [www.7-11.com.tw](http://www.7-11.com.tw).

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# Message from CEO



**Chairman of PCSC**  
Lo, Chih-Hsien



**President of PCSC**  
Hung, Jui-Tien

PCSC has continued to develop the local market. In late 2017, it exceeded 5,200 retail stores and 30,000 franchise partners and employees in Taiwan. The overall business performance was impressive with total revenue of NT\$144,479,880,000 and with after-tax net profits of NT\$31,017,094,000. PCSC has received numerous commendations, including being ranked in the top 5% of the Corporate Governance Evaluation for the third year in a row, being selected for the MSCI Global Sustainability Index, the FTSE4Good Emerging Markets Index, the Taiwan Corporate Governance 100 Index, the Taiwan Sustainability Index, and being awarded the CommonWealth Magazine Gold Service Medal as well as the top Next Top Service Award in the convenience store category for 2017. PCSC would like to extend our appreciation to our staff for their hard work and to the people of Taiwan for their support.

PCSC's 2017 Corporate Social Responsibility Report underscores the following three main points

1. UN Sustainable Development Goals (SDGs): Integrate SDGs and CSR development strategies;
2. Enhancing brand management: Redefine brand value and establish business strategy for our brand;
3. Boosting customer relationship management: Establish big data analyst for systems management to optimize the customer shopping experience.

## UN Sustainable Development Goals

In September 2015, the United Nations issued 17 SDGs as a direction for the world to participate and achieve them between 2016-2030. These 17 SDGs cover a broad range of issues that mankind will face and needs to work together to resolve over the next 15 years. The list runs the gamut from basic problems that impact human survival, such as hunger, poverty, clean water and sanitation, health, and well-being to action against climate change, creating sustainable cities, and promoting global partnerships.

Following the release of the SDGs, we took it upon ourselves to contemplate how we could support the UN's SDGs as a retail business. At the end of 2016, we launched our SDG plan to realize our targets. We focus on our primary operations area in Taiwan. We analyzed the risks and opportunities of the retail industry to determine how PCSC could support and do its part to realize these targets, which actually complement our three core CSR values.



Based on this information, we drew up KPIs and followed up using performance indices to ascertain how well we were doing in terms of achieving our objectives, so that as we worked toward our targets, we were supporting SDGs.

2017 was a key year for PCSC. In addition to employing SDGs to establish the path and determine the direction of our CSR, our implementation of various aspects of our plan became increasingly mature and the fruits of our efforts increasingly evident.

## Enhancing Brand Management

Since taking the initiative to promote CSR, in addition to offering considerate and convenient service as well as healthy and safe products, PCSC has had to take on more responsibility. CITY CAFÉ, which generates tens of billions in annual turnover, iseLect, which specializes in food and beverages, and UNIDESIGN, a brand name which not only focuses on functions of products used in daily life, but which rethinks how products like paper items, clothing and accessories, cotton goods, and rain gear should look, feel, and smell. Having established the direction of our brand management and how we are to continue promoting it, we underscored value, style, and design from the perspective of the customer, providing high quality, healthy, and safe products. Revenue in 2017 for our CITY CAFÉ, iseLect, and UNIDESIGN brands stood at more than NT\$18 billion, up 5.17% over 2016.

## Boosting Customer Relationship Management

We have always considered understanding the preferences of our customers and optimizing their shopping experience our top as priority. In 2015, PCSC combined the OPENPOINT member database to set up a Customer Relationship Management (CRM) system. We analyzed member profiles and preferences to determine retail store product combinations, promotional activities, and the market potential of new products. In 2017, we used the CRM system to analyze more than 30 cases, thereby helping us better understand customer habits and preferences, allowing us to offer products and services that better meet what customers desire. This help us to reduce inventory pressure in our retail stores, thereby increasing our operational efficiency. We will continue to expand its scope of application, so that PCSC services better meet the needs of customers.

In addition to using big data to enhance our service quality, we are also studying the unlimited potential of Artificial intelligence (AI). In early 2018, PCSC introduced the "X-STORE" future store, AI-based retail, which employs three major concepts, "Xplore, Xperience, and Xcellent", using 28 types of multiple advanced technologies and more than 100 kinds of cutting-edge smart equipment, including facial recognition technology to verify identification, energy-efficient refrigeration cases that sense your presence and open and close automatically, electronic product labels to reduce employee mistakes, and AI product recognition self-checkout technology. These are all designed to help usher in a happier and more convenient future for mankind. The future store is still in the testing phase, but the technology is almost fully developed and can very quickly be introduced into the market.

## CSR Performance

### 1. Products and Services

PCSC takes consumer health and safety and has made food safety its top priority. To ensure rigorous quality control is maintained, it has continued to invest each year in such resources as MerchandiseSafety Committee operations, Merchandise Safety Information Tracking, optimizing the MAS system, expanding the coverage of traceability management, and continuing to upgrade the capabilities of our product Quality Control Lab. In 2017, PCSC overall investments stood at NT\$131,034,000, almost three times the original goal for the year of NT\$40,000,000.

## 2.Environment

Energy savings and carbon emissions, resource reutilization, and green procurement were the three focuses of PCSC's environmental efforts. We used energy-saving designs and measures in our headquarters as well as old and new branches to reduce energy use and greenhouse gas emissions. Our headquarters energy use intensity (EUI) per person for 2017 dropped 6.8% over 2016, while the EUI based on floor area of our branches dropped 7.82% over the base year.

PCSC used branches all over Taiwan to receive recyclables and waste, such as batteries, DVDs, cell phones, and notebook computers. Since its launch in 2010, the program's achievements have been very impressive, collecting tens of millions of batteries, nearly 100,000 phones, and over 7,000 laptops each year. Most people in Taiwan have developed the habit of taking items in these categories to our retail stores for recycling.

12%, or a total of NT\$580,245,000, of PCSC's purchases in 2017 were Green Mark or energy-saving products, more than the annual KPI for environmentally preferable purchasing objective of 4.5%.

## 3.Community

In addition to providing safe products and convenient services as a good neighbor, PCSC worked hard to unite the community through community events and charity activities to use the community's power for good. We continued to promote our Good Neighbor concept of "Education and culture, family bonding, environmental activities, and concern for the disadvantaged". In 2017, our branches took it upon themselves to organize activities, holding a record 12,000 events.

The in-store spare change donations has been used for a long time to help the elderly and disadvantaged groups, promote liver screening in remote retail stores, deliver meals to the elderly living alone in Eastern Taiwan, and other programs. In-store Spare change donations collected NT\$169 million in 2017, up 5% over 2016.

## 4.Employees

PCSC has always stood by the idea that "Happy employees can fully demonstrate PCSC's values for customers and only satisfied employees can provide outstanding services that satisfy consumers". As such, our most important commitment to our employees is providing them with complete career planning, a healthy work environment, and comprehensive benefits. We provide a flexible and adaptable environment through business management characterized by "selfless innovation", "full delegation", and "bold experimentation". PCSC has been striving to build a healthy and safe environment for employees, receiving a Health Promotion Certificate from the Health Promotion Administration and a Certificate for Excellent Breastfeeding Rooms from Taipei City Government's Department of Health in 2017 for its efforts.

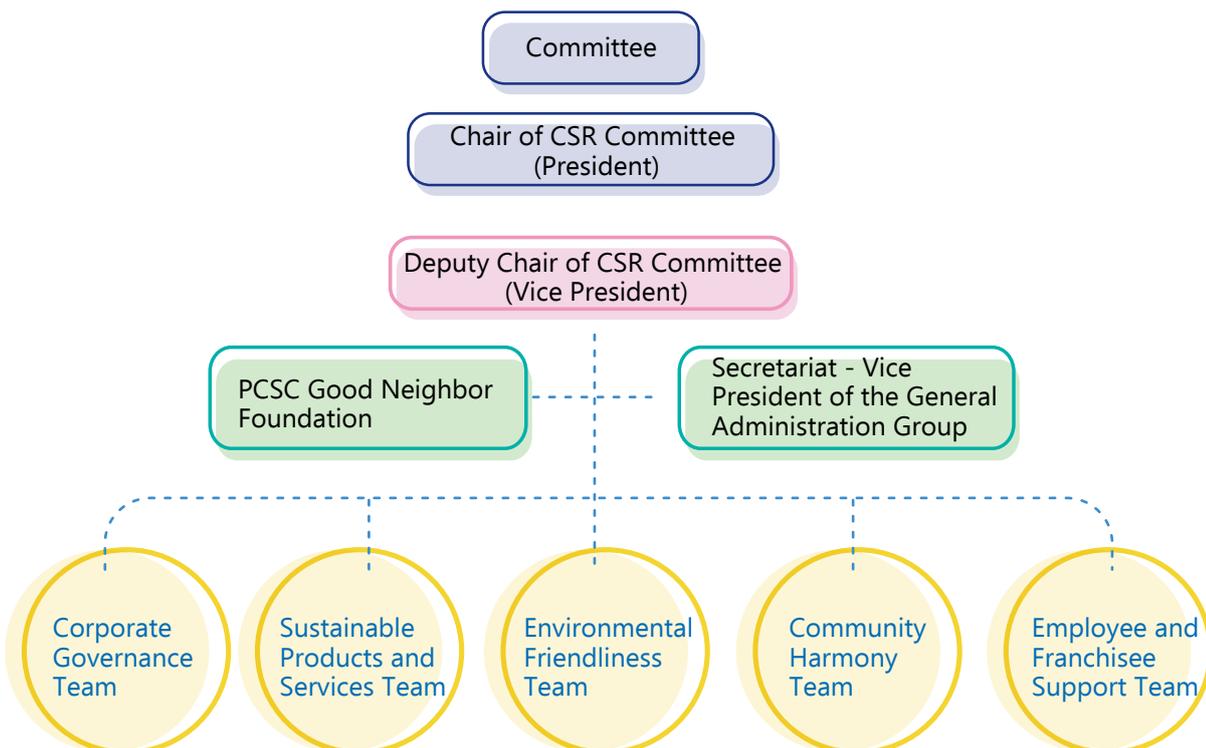
CSR is not simply a direction taken to develop business; it represents a company's operational values. Although PCSC has enjoyed steady advances in all of its ESGs, we will continue to humbly and proactively take note of trends and focal points of development around the world and in our industry as we strive to stay on the path to improvement.



## CSR Organization and Strategy

In pursuit of business growth, PCSC strives to fulfill its corporate social responsibility on sustainable development through economic and social progress. As a responsible corporate citizen, PCSC contributes to the national economy by improving the quality of life for its employees, surrounding communities, and society as a whole. This helps build competitive advantages based around CSR.

The cross-departmental PCSC CSR Committee was established to oversee the execution and management of CSR and established "Corporate Social Responsibility Best Practice Principles" to serve as the highest guiding principles for promoting CSR. The PCSC CSR Committee is chaired by the president and the vice president serves as the deputy chairman. The Committee has five major teams under it, including Corporate Governance, Sustainable Products and Services, Environmental Friendliness, Community Harmony, and Employee & Franchisee Relations. The Committee is responsible for developing and implementing CSR policies, systems, related management directives, and actual implementation plans. It reports regularly to the Board. In addition, the CSR Committee plans to meet at least once every six months to examine and review the implementation of CSR-related activities. One regular meeting each was held in February and August of 2017. In order to effectively promote and attain CSR-related performance targets, PCSC incorporated CSR targets into all joint performance targets for managers at the department-level and higher, making it a priority to incorporate into performance evaluations issues related to laws and regulations concerning food safety, occupational safety, environmental safety, and work safety.



# CSR Vision, the Three Core Values, Five Implementation Principles, and Sustainable Goals

PCSC has incorporated the CSR core philosophy into our business targets, realizing our Corporate Social Responsibilities based on our three CSR core values, happy enterprise, harmonious society, and sustainable planet, and using our Five Implementation Principles.

In 2015, the United Nations issued the “Transforming our world: the 2030 Agenda for Sustainable Development” which simultaneously takes into consideration economic growth, social development, and environmental protection which nations around the world are committed to working hard to achieve over the next 15 years. As a global citizen, PCSC hopes that in addition to realizing its CSR objectives, that it can do its part to help the world attain its sustainable development objectives. In 2016, we adopted the UN’s sustainable development objectives program, analyzing 17 SDGs and 169 targets and, taking into consideration the core capabilities of our industry and our operation scope, we found five SDGs and corresponding targets that we can help realize. These SDGs and targets also resonate with the three core values of our CSR. As we proceed down the path to sustainable development, PCSC stands by its motto of “Warm Services, Always Open”.

Over the years, various PCSC departments and stores have incorporated CSR actions into their daily work and services. For example, the Good Neighbor Foundation’s community services focus on healthy lifestyle, community environmentalism, and caring for the disadvantaged and people in the remote areas. Using our stores as gathering points, we hosted various activities to foster a sense of community; bringing people happiness, warmth, and trust, while spreading CSR concepts in the community. In the future, we will continue to strengthen self-management capabilities by incorporating CSR into the annual work plan and defining key performance indicators (KPI). A systematic management mechanism will be used to review the results from each year to pursue sustainable business growth.



## Major Issues of 2017

- Compliance to social and economic regulations
- Brand management
- Occupational safety and health
- Employment
- Labor/Management Relations
- Training and education
- Customer Health Safety
- Marketing and labeling
- Customer Relations Management
- Local communities
- Energy
- Environmental Compliance



### Sound corporate governance —

- Constantly evaluate CSR results and continue to improve. Management is responsible for providing supervision while competent units are responsible for implementation
- All employees should practice a corporate culture described in the phrase “Sincerity, Innovations, and Sharing” in accordance with the self-regulation agreement
- Business activities must comply with the relevant laws and regulations in order to create an environment for fair competition



### Sustainable environment —

- Comply with environmental regulations as well as related international standards and guidelines to provide appropriate protection for the natural environment
- Strive to improve the utilization of resources and practice green procurement
- Take ecological impact into consideration and reduce the environmental impact of business activities such as R&D, production, and services



### Maintaining social justice —

- Comply with labor laws and protect the legal rights and interests of employees
- Strive to prevent work-related injuries by eliminating risks to employee safety and health
- Create a positive environment for employee career development and establish an effective professional training plan
- Work with suppliers to improve CSR
- Participate in activities sponsored by citizen organizations, charities and local government agencies on community development and education to promote social harmony



### Protect the rights and interests of stakeholders —

- Respect the rights and interests of stakeholders and respond to their CSR topics of concern
- Enforce the consumer rights policy by ensuring the quality of products and services
- Respect the privacy of consumers and protect their personal information



### Strengthen CSR disclosure —

- Full disclosure of important and reliable CSR-related information
- Report on the progress of CSR implementation including various outcomes of CSR initiatives, topics of concern for stakeholders, as well as the CSR system and its action plans

ESG	GOVERNANCE	SOCIAL		ENVIRONMENT	
SDGs					
Significance to PCSC	<p>PCSC is a brand that continues to earn profits, enjoys steady growth, creates work opportunities, and brings peace of mind and satisfaction. PCSC offers satisfaction to customers, partners, shareholders, and society as it becomes a business characterized by continual growth and sustainable development.</p>	<p>PCSC attaches great importance to the quality of its products as well as the safety and health of consumers. Ensuring that customers enjoy safe food is its top priority and a fundamental promise.</p>	<p>PCSC boasts many retail points and it takes advantage of those retail points to serve remote areas, ensuring the health of those living there.</p>	<p>PCSC is not a manufacturer, but by making changes to its distribution and transportation systems, it has reduced its impact on the environment, thereby realizing its goal of responsible consumption and production.</p>	<p>As Taiwan's leading retailer, PCSC has drawn up new branch energy conservation standards, requiring that new stores utilize equipment systems with high energy efficiency ratios to both reduce greenhouse gas emissions and realize a balance between growth and protecting the environment, while maintaining high product quality and a comfortable surroundings for shopping in its retail branches.</p>
Performance	<ul style="list-style-type: none"> <li>● In 2017, PCSC boasted over 5200 retail stores providing a variety of products and services, which spurred continued growth.</li> <li>● PCSC's diversity and equality employment policies welcome disadvantaged individuals and aborigines, offering them steady employment and the opportunity to lead lives of self-reliance.</li> <li>● PCSC strives to provide a safe working environment and has received certificates for a comfortable work environment and excellent breastfeeding rooms, among others, for its efforts.</li> </ul>	<ul style="list-style-type: none"> <li>● PCSC enhanced its food safety management.</li> <li>● Supplier onsite evaluations.</li> </ul>	<ul style="list-style-type: none"> <li>● PCSC has been promoting "Good Neighbor" to organize various DIY activities build bonds between neighbors.</li> </ul>	<ul style="list-style-type: none"> <li>● PCSC has brought together its dense network of retail stores and exceptional logistics system to greatly enhance its digital platform application services.</li> <li>● PCSC has incorporated environmental vehicles.</li> <li>● PCSC implemented green accounting and green procurement systems.</li> </ul>	<ul style="list-style-type: none"> <li>● PCSC has been eliminating older equipment and replacing it with equipment that consumes less energy and has been carrying out its energy savings plan by reducing energy use intensity (EUI) in its headquarters and branches.</li> </ul>



# Material Issues and Stakeholder Communications

PCSC's objectives include becoming an outstanding happy business, offering the most convenient services possible, maximizing stakeholder interest, and fulfilling our obligation as a good member of society to promote social stability and continued advancement. We hope to use our branches as our "happy bases of operation" to bring together our vision, governance, products, and service. We will disclose information concerning our CSR performance, responding to capital markets both in Taiwan and around the world, while influencing our suppliers and customers, so that happiness is within everybody's reach.

## Materiality Assessment Procedures

Every year, PCSC communicates with its shareholders through various channels. Issues that shareholders consider most important are compiled and assessed based on sustainability, materiality, completeness, and stakeholder inclusiveness. The flow of materiality analysis consists of the following:



**Step. 1**  
Identification

Members of the CSR Committee use the aspects listed in GRI G4 as the basis to select the 35 CSR issues critical to PCSC. Industry characteristics, international trends, and competitor developments are all taken into consideration.

**Step. 2**  
Prioritization

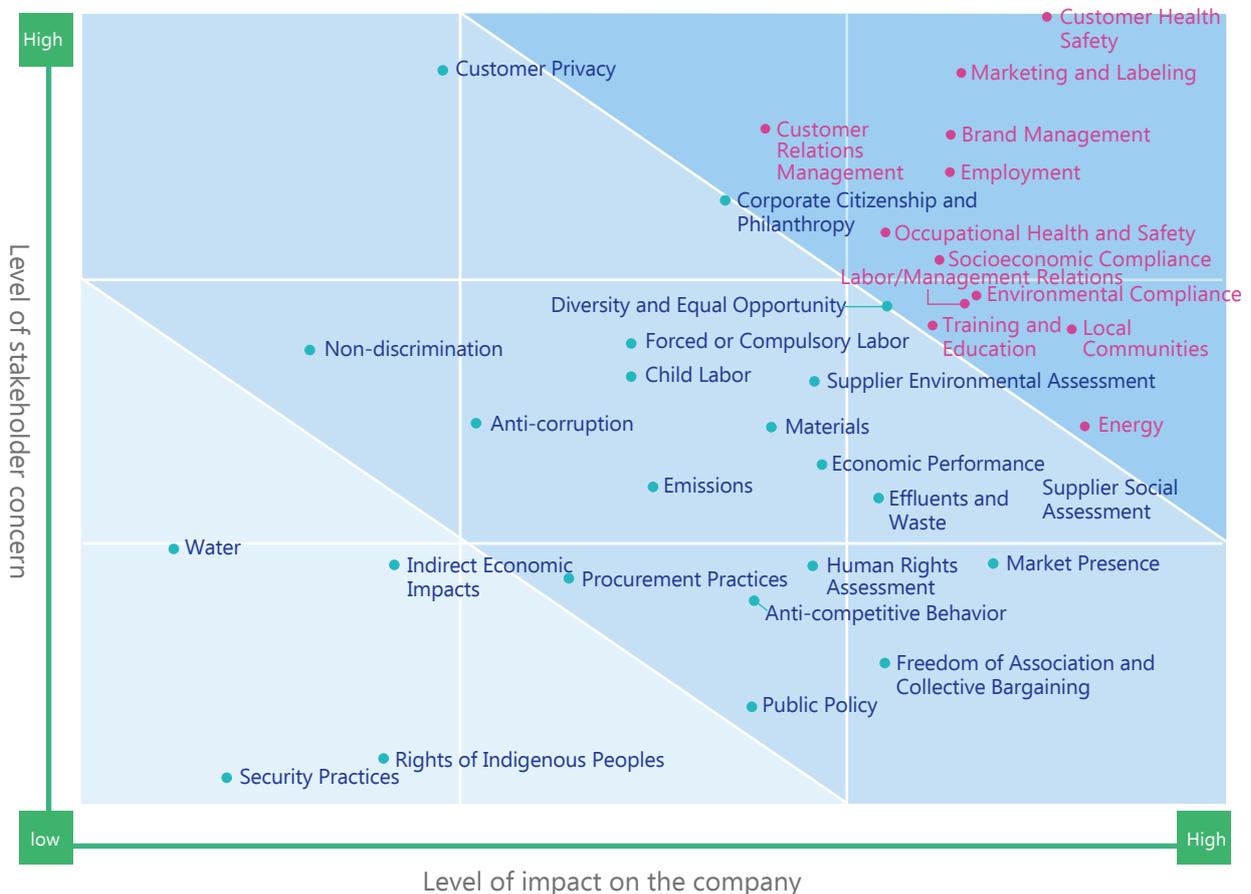
Survey responses received from stakeholders are analyzed to determine the degree of concern on each issue. In addition, the degree to which sustainability issues impact local and overseas economies, environments, and societies. In 2017, we identified 12 material issues, occupational safety and health, labor-employer relations, labor-management relations, training and education, customer health and safety, marketing and labeling, compliance to social and economic regulations, brand management, customer relations management, energy, compliance to environmental protection regulations, local communities.

**Step. 3**  
Confirmation

Once material issues are identified, CSR committee members determine the amount of internal/external impact they could have on the Company and ensure that key CSR information is fully disclosed in their report.

**Step. 4**  
Review

Once the Report has been compiled, various teams from the CSR Committee conduct a final inspection and review to ensure that the CSR information and accomplishments were not improperly or incorrectly expressed. The results of material issues identification and stakeholders' feedbacks will also serve as an important reference for next year's report.





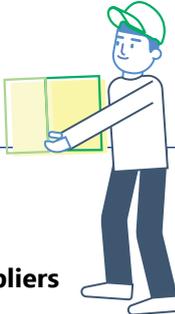
Aspect	Material Issues	Aspects to consider with respect to GRI G4	Internal		External			Chapter of Topics
			President Chain Store Corp.	PCSC logistics affiliate	Customers	Community	Suppliers	
Regulatory compliance	Compliance to social and economic regulations	SO: Regulatory compliance	●	●	●	●	●	5. PCSC-a happy workplace
Corporate governance	Brand management	Without GRI considerations and index	●		●			1. PCSC-a happy business
Environment	Energy	EN: Energy	●	●				3. PCSC-a happy Earth
	Compliance to environmental protection regulations	EN: Regulatory compliance	●	●				3. PCSC-a happy Earth
Employees	Occupational safety and health	LA: Occupational safety and health	●					5. PCSC-a happy workplace
	Labor-employer relations	LA: Labor-employer relations	●					5. PCSC-a happy workplace
	Labor-management relations	LA: Labor-management relations	●					5. PCSC-a happy workplace
	Training and education	LA: Training and education	●					5. PCSC-a happy workplace
Communities	Local communities	SO: Local communities	●		●	●		4. PCSC-good neighbors
Products	Customer health and safety	PR: Customer health and safety/ Product and service labeling	●		●	●	●	2. PCSC-good products and services
	Marketing and labeling	PR: Marketing and labeling	●		●	●	●	2. PCSC-good products and services
Customer	Customer relations management	Without GRI considerations and index	●		●	●	●	2. PCSC-good products and services

Note: Logistics affiliates are UPCC, Wisdom Distribution Service Corp., Retail Support, and President Logistics International Corp.

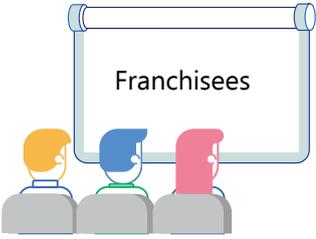
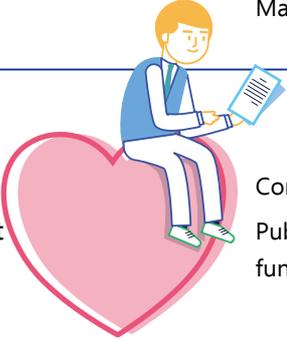
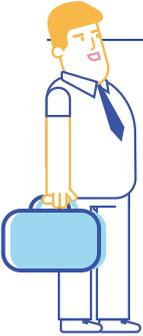
# Stakeholder Communications

PCSC stakeholders include investors, suppliers, employees, franchisees, charities, government organizations, and local communities. PCSC must be held accountable to its stakeholders, and a stakeholder area ([http:// www.7-11.com.tw/communication.asp](http://www.7-11.com.tw/communication.asp)) has been set up on the PCSC corporate website. A physical mailbox is also available. A variety of different methods and channels are used to learn about stakeholder requirements and expectations of PCSC. Other methods and channels of communication for stakeholders are described below.

Table of communication channels between PCSC and its stakeholders

Stakeholders	Topics of Concern	Communication Channel
 <p><b>Investors</b></p>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Risk management</li> <li>Operational and financial status</li> <li>Dividends Policy</li> </ul>	<ul style="list-style-type: none"> <li>Annual Shareholders' Meeting</li> <li>Regular publication of financial statements/ Annual reports</li> <li>Disclosure through corporate website</li> <li>Legal person conference</li> <li>TWSE Market Observation Post System website</li> <li>Answering questions from investors and analysts via phone or e-mail</li> </ul>
 <p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>Green procurement</li> <li>Green products</li> <li>Supplier management</li> <li>Local purchase</li> </ul>	<ul style="list-style-type: none"> <li>Regular merchants' friendly association</li> <li>Regular suppliers' conference</li> <li>Counseling/Audit Management</li> </ul>
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>Product health and safety</li> <li>Product and service innovations</li> <li>Service quality</li> <li>Customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Service window at Joint Services Center</li> <li>Satisfaction survey</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Harmonious employee and employer relations</li> <li>Training development and education</li> <li>Employee diversity and equality</li> </ul>	<ul style="list-style-type: none"> <li>Regular employer-employee meetings</li> <li>Staff Welfare Committee</li> <li>Employee complaints e-mail box</li> <li>Internal proposal system</li> <li>Happiness Cooperative Society</li> </ul>

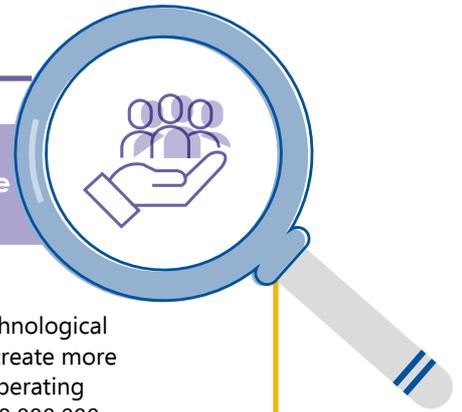


Stakeholders	Topics of Concern	Communication Channel
 <p>Franchisees</p>	<p>Training development and education</p> <p>Occupational health and safety</p> <p>Product and service innovations</p> <p>Marketing communications</p>	<p>Dedicated franchising website</p> <p>Weekly visits by regional advisor</p> <p>Regular monthly publications</p> <p>Franchisee discussion forum</p> <p>Satisfaction survey</p>
 <p>Public interest groups</p>	<p>Community care</p> <p>Public services and fundraising</p>	<p>Annual CSR Report</p> <p>Support for charity events/initiatives</p> <p>Good Neighbor Foundation</p> <p>Quarterly charity fundraiser</p> <p>Fund-raising proposal/ Review meeting</p>
 <p>Government agencies</p>	<p>Product health and safety</p> <p>Regulatory compliance</p> <p>Public policy engagement</p>	<p>Periodic compliance inspections</p> <p>Promote in accordance with relevant systems</p>
 <p>Local community</p>	<p>Energy-saving and carbon reduction</p> <p>Community care</p> <p>Regulatory compliance</p>	<p>Good Neighbor Funfest</p> <p>Annual CSR Report</p> <p>Service window at Joint Services Center</p>

# 01



## President Chain Store Corp.- A Prosperous Company



SDG icon	SDG content	2017 SDG performance
 <p>Decent work And Economic Growth</p>	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p>	<p>Continue using diverse, technological and innovative services to create more economic profit. In 2017, operating revenue totaled NT\$144,479,880,000, gross profit reached NT\$50,639,297,000 and Income tax was NT\$5,483,957,000. Net profits after taxes was NT\$31,017,094,000 and earnings per share (EPS) was NT\$29.83. Dividend per share was NT\$25, an increase of NT\$17 over last year, while return on equity (ROE) reached 78.3%. It is our responsibility to provide shareholders with a long-term investment value with stable profits and growth. Our dividend policy provide our shareholders with stable dividend per share.</p>

 <p>Responsible Consumption And Production</p>	<p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p> <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<p>PCSC combines retail stores networking with a well-conceived supply system and enhance applied services on the digital platform. In 2017, more than 150 million items were delivered, sent, or picked up, providing peace of mind and convenience for distribution services. Moreover, upgrades continued on ibon, and with the ibon smartphone app and other digital service platforms. In response to consumer trends, we are cooperating with financial operators to provide diversified payment tools. This gives a variety of consumers convenient, time-saving services.</p>
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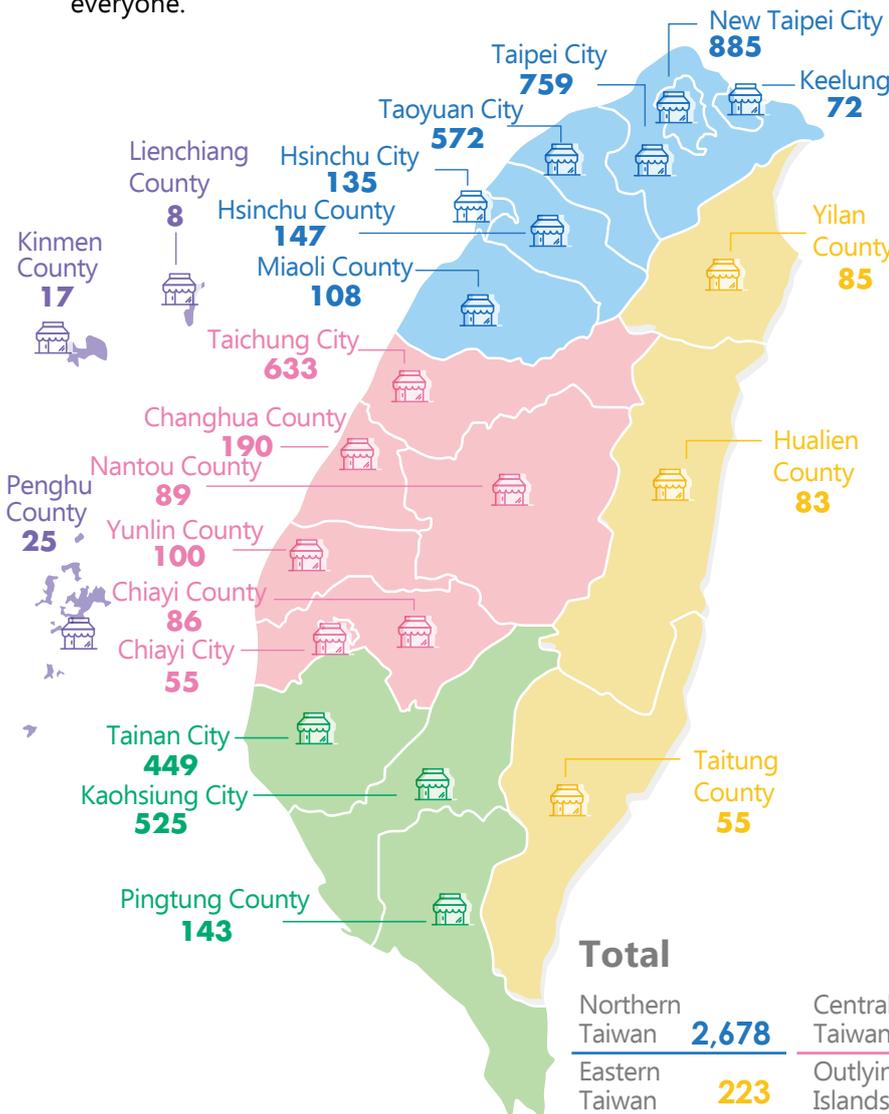
# 1.1 Company scope and background

Since our founding in 1978, the President Chain Store Corporation has cultivated the Taiwan market taking its place as an outstanding retail operator providing consumers with services to make their lives more convenient while fulfilling our social responsibility to the people. "Sincerity, innovation, sharing" are our company culture, and we strive to create the maximum common profit for all stakeholders to drive social stability and continue to improve. Our goal is to become a prosperous company that actively internalizes CSR into the core of our operations and regards our retail locations as points of prosperity, in the hopes that we can bring together aspirations, corporate governance, products and services. We try to enhance communication of our CSR achievements and not only wish to improve ourselves, but to extend our impact into the value chain and lead suppliers and satisfy customers as we spread that prosperity to everyone.

## Scale of the Organization

Company name	President Chain Store Corporation
Number of employees	7,877
Year established	1978
Chairman	Lo, Chih-Hsien
President	Chen, Jui-Tang
Location of headquarters	2F, No. 65, Dongxing Rd., Xinyi District, Taipei City, Taiwan
Capital	NT\$10.396 billion
Total number of stores	5,221 stores

As of December 31, 2017



## A prosperous base

PCSC has high density store expansion with many kinds of store format. Originally located on streets and in communities, our locations have spread to different spaces and fields, from cities to the countryside, from mountains to the sea, from Taiwan to outlying islands. Whether it's in a school, an MRT station, a train station, an HSR station, a hospital or a shopping center, there will be a PCSC retail stores to satisfy the real-time, diverse needs of consumers. We constantly keep a finger on the pulse of consumers, and innovate with our operations to keep pace with the ever-changing face of the market and provide products and services that are in line with what a particular local area needs. This makes our store locations into a center for everyday convenience for consumers from all walks of life, and drives the prosperity of the surrounding commercial area.

1

President Chain Store Corp. - A Prosperous Company

## Brand management, trusted products and innovative services

PCSC has dense store locations, high-frequency logistics system and real-time information system. Thus, we introduce stable and highly effective platform. Since our founding, the company has come to play an indispensable role in the lives of consumers.

We are good at discovering the latent needs of consumers, with "convenience" as our core concept. Whether it's the first 24-hour retail model, promotion of bill collection services, ATM machines, or delving into the fresh food industry, and promoting our own brands (iseLect, UNIDESIGN, CITY CAFE), international purchasing and products for pre-purchase, we embody the product power of a major retailer, creating a new model for the market.

To provide consumers with comprehensive convenience in their lives and create a high-quality shopping experience, we constantly innovate. We bring in rich and diverse products, cutting-edge services, and marketing events that create buzz. We are re-writing the definition of a convenience store on all levels, leading consumers to a totally new experience. We strive to do better at our corporate social responsibility, with sustainable operation as our strategy, and forging a friendly relationship between the enterprise and the environment.

In the future, based on the operations of our stores on value, guaranteed quality, outstanding service and cleanliness (VQSC) to engender structural change and create sustainable growth so that our products and services serve consumers as a solution. We are confident that through hard work and ethical corporate management practice, PCSC will become the most trusted corporate brand.

Brand	iseLect. istyle My choice, my style  	UNIDESIGN About life. You deserve better  	CITY CAFE In the city, exploring the city  
Brand Story	Represents products carefully chosen for 7-ELEVEN, as well as the product that consumers like!  Everyone has his own style, a unique thing, filled with taste. iseLect can satisfy consumers from all walks of life, and they can freely select what they want. Best of all, the self is reflected here, with the hundreds of lifestyle and style choices that best represent you! This is iseLect!	UNIDESIGN arose from people's thoughts about life. It brings a revolution in the tactile, visual, olfactory and functional in life. Bit by bit, it enriches all of our lives. An ordinary day becomes extraordinary.	The place where coffee is produced is the key to its flavor. Every cup of coffee in the hands of our consumers is the best right from the tree. We strive to make every single cup the best starting with the bean on the tree, through refining, roasting, quality assurance and testing, and the machines and employees in our stores ensure its quality by testing hundreds of cups. It's the only way to bring our customers a cup of "Uncommon CITY CAFE".
Products	Beverage Health beverage Alcoholic beverage Limited products Water zone Recreational foods Frozen foods Instant series	Beauty Household goods	Coffee Special flavor Tea



Store operations	The concept is to bring customers a more comfortable, friendly shopping space, not only continuing to promote large stores and specialty shops, to provide consumers with a shopping space that simultaneously provides an experience, entertainment and education, but to further use the concept of "life in the future" to integrate the special characteristics of the retail area to provide customers with a diversified shopping experience.
Food safety	We use measures like contractual cooperation, production site management, ingredient tracing mechanisms and systems, supplier grading, management and on-site assessment system, distribution centers and periodic store checks, as well as occasional sampling of raw materials and finished products, to keep a tight grip on the entire supply chain from production to store. We are continually setting up rigorous food safety protection networks for our consumers.
Product characteristics	We continue our technical cooperation with Japanese manufacturers to bring out diverse and tasty fresh food products to satisfy our consumers' demands. CITY CAFE continues to optimize the quality and flavor of its coffee, and CITY tea has added bubble products for the first time, bringing continued growth in business. Additionally, PCSC carefully select international foodstuffs from Japan and Korea. Also, iseLect and UNIDESIGN brands and other famous domestic and international strategic partnerships to ensure that it has the high-quality food products and articles for daily use to satisfy our customers' search for good taste and a personalized lifestyle.
Digital platform	In 2017, more than 150 million items were delivered, sent, or picked up, providing peace of mind and convenience for distribution services. Moreover, upgrades continued on ibon, and with the ibon smartphone app and other digital service platforms, in response to consumer trends, we are cooperating with financial operators to provide diversified payment tools, providing consumers with diverse, convenient, time-saving services. Since 2016, icash 2.0 has continued to build a transportation mobile payment blueprint, in conjunction with the OPENPOINT promotion of diverse events to gradually create the most convenient, digital lifestyle for consumers.

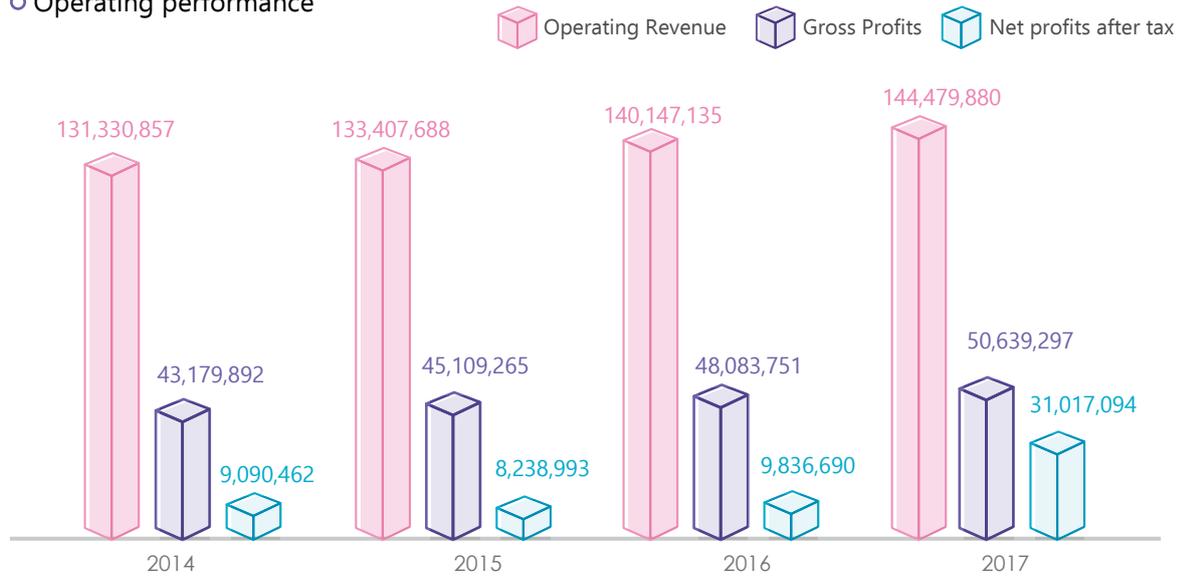
## Financial results

Given the slow global economic recovery in 2017, together with sweeping changes to labor law in Taiwan, businesses faced stiff challenges. But in spite of the instability in the external environment, PCSC has become a convenient, trustworthy and pleasant business district life center for customers, while continuing to provide consumers with innovative, convenient services. Our operations have continued with stable and healthy growth, and looking to the employment and economic growth portion of the SDGs, PCSC continues to use diversification, technology and innovation in services to create more economic profit.

In 2017, operating revenue totaled NT\$144,479,880,000, gross profits reached NT\$50,639,297,000 and Income tax was NT\$5,483,957,000. Net profits after taxes was NT\$31,017,094,000 and earnings per share (EPS) was NT\$29.83. Dividends per share was NT\$25, an increase of NT\$17 over the previous year, while return on equity (ROE) reached 78.3%. It is our responsibility to provide shareholders with a long-term investment value with stable profits and growth. Our dividend policy provide our shareholders with stable dividend per share. Please refer to the PCSC consolidated and individual financial statements publicly available on the Market Observation Post system for details of 2017 financial performance.

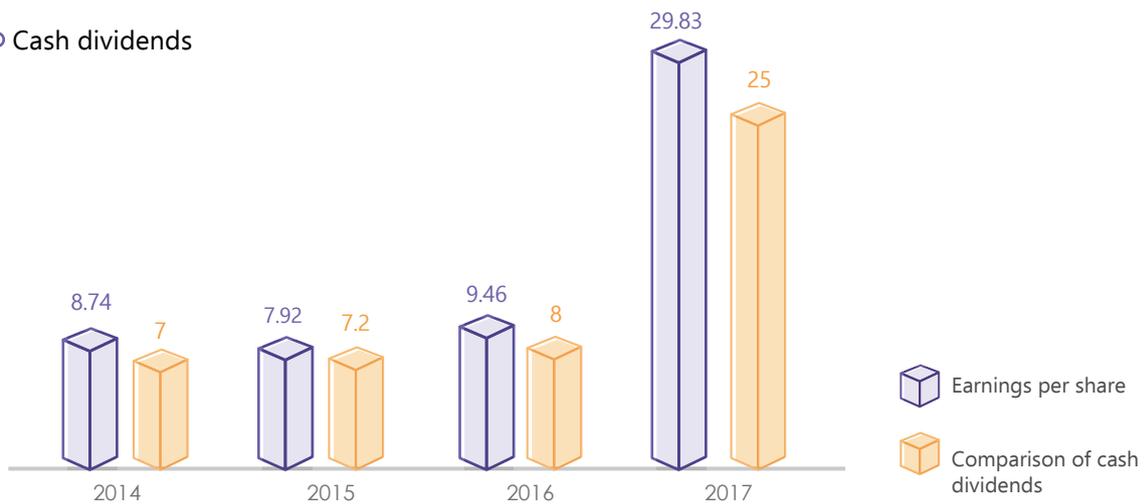
To maintain excellent communication with investors, PCSC organized and attended 5 domestic/international investor conferences in 2017; we also took part in 144 one-on-one investor meetings to help investors understand the future business direction and prospects of PCSC.

○ Operating performance



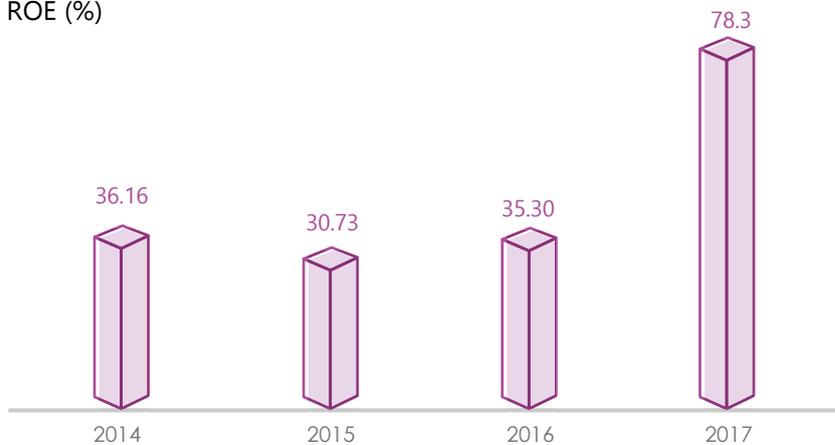
Note: The 2013 edition of IFRS was adopted from 2014 onwards, therefore revisions were made to related items in 2014

○ Cash dividends



Note: The 2013 edition of IFRS was adopted from 2014 onwards, therefore revisions were made to related items in 2014

○ ROE (%)



Note: The Starbucks deal in 2017 had a one-time impact of NT\$20,435,000,000, but if the impact of this deal is ignored, profits attributable to the parent grew 7.57% compared to the previous year; earnings per share (EPS) increased NT\$0.72, and return on equity (ROE) was 36%.



## Support for International Initiatives and Participation in External Organizations

PCSC actively participates in industry association events. The two issues PCSC focus on are "Food Safety" and "Sustainable Operations". On the food safety front, we serve as the director-general of the ROC Fresh Food Development Association, and donated NT\$5 million as operating expenses for the association. The association primarily works on: 1. Establishment of supply chain management platforms; 2. Ingredient development and product quality control (standardization/regulation/quality and source management); 3. (new) Manufacturing process/equipment/technology assessment and introduction; and 4. Public relations (communication with government agencies/research organizations). In terms of sustainable operations, we also participate in the Business Council for Sustainable Development of Taiwan(BCSD- Taiwan), and have donated NT\$120,000. Through regular and random meetings held by each industry association, the members grow closer together to increase cooperation and networking between peers.

List of External Public Associations Memberships	Capacity	Focus topic	Amount donated
Taiwan Delica Foods Development Association	 Director	Food safety	NT\$5,000,000/year
The Business Council for Sustainable Development of Taiwan	 Supervisor	Sustainable development	NT\$120,000/year
Marketing Communications Executives International	 Member	Sustainable development	NT\$15,000/year
Taipei Department Stores Association	 Member		NT\$4,500 semiannually
Chinese National Association of Industry and Commerce, Taiwan	 Member		NT\$20,000/year
Taiwan Coalition of Service Industries	 Director		NT\$5,000/year
Taiwan Chain Stores and Franchise Association	 Director		NT\$30,000/year
Chinese Non-Store Retailer Association	 Director, Supervisor		NT\$20,000/year
Zero Energy Building Technology Alliance	 Member		Sustainable environment

(Note) This union has collected NT\$10,000 per year for the past two years, but after that the organization's surplus was sufficient so that no further fee were collected as dues.

## External Recognition

PCSC has long worked to maintain a positive, passionate, and energetic brand image. We have been listed in the top 5% for corporate governance evaluation for three consecutive years, and were selected for the MSCI global sustainability index, FTSE4Good Emerging Market Sustainability Index, and the Taiwan Sustainability Index. We also received CSR-related awards from the public and private sector. Major awards received in 2017 are listed below:



### Major awards received in 2017

PCSC



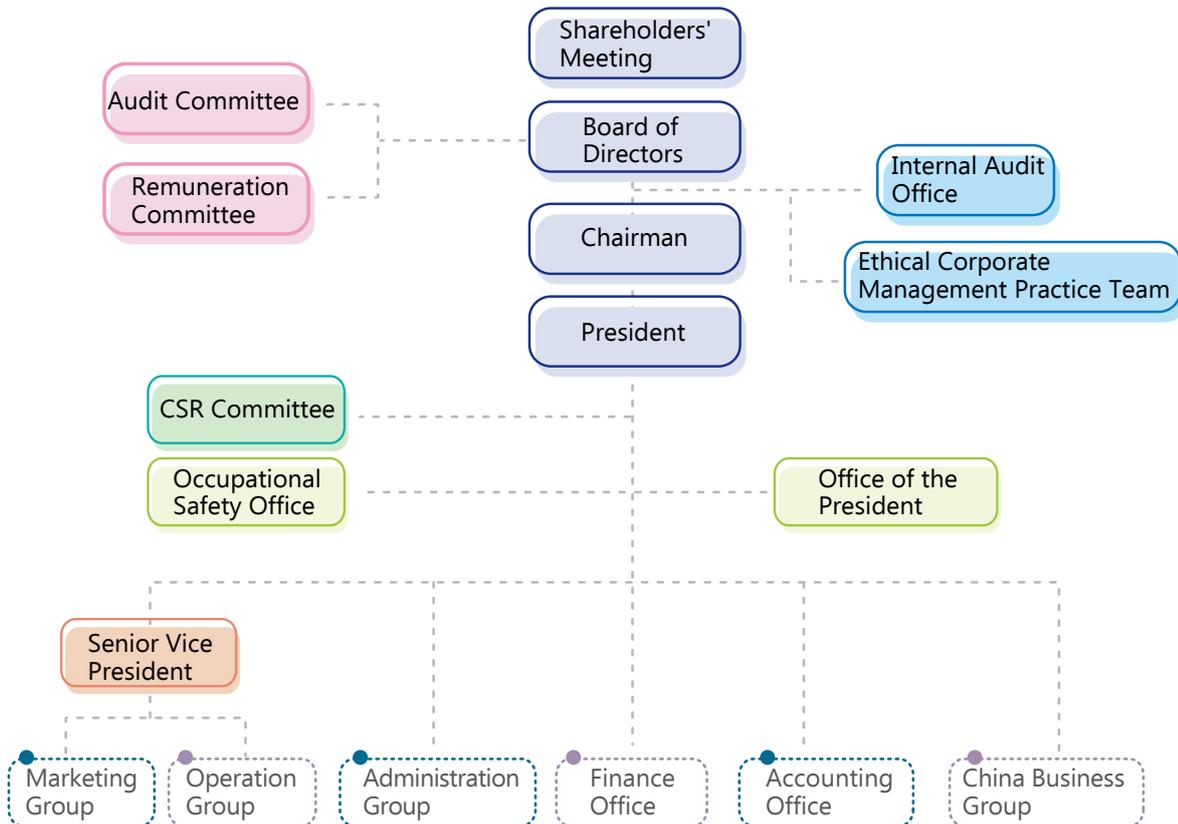
-  Ranked 1,647th in "Forbes" Global 2000
-  Ranked in the top 5% of the "3rd Corporate Governance Evaluation"
-  Included in the TWSE Corporate Governance 100 Index
-  Selected for the FTSE4Good Emerging Index
-  Selected for inclusion in the MSCI Global Sustainability Index
-  First place in Commonwealth Magazine's "Commonwealth Gold Medal Service Industry Survey" and "CSR Industry Citizen Prize" among large companies
-  Next Magazine's "Service First Award" winner for its industry
-  First place in Business Weekly's retail category for "Taiwan's Top 100 Influencer Brands Survey"
-  Taipei City Government "2017 Outstanding Green Procurement" award
-  Digital Times's "2017 Future Commerce Award" for Innovative Business -- Silver Medal for Best Product Innovation
-  ibon platform and ibon APP won ECI awards - Business Model Innovation Award "Practical Economics - Consumer Level Gold Award"
-  TCSA enterprise sustainability report gold medal





## 1.2 Corporate Governance

PCSC places great emphasis on transparency of operations and corporate governance. The company believes firmly that improvements to operation are our long-term operating goal, namely establishing a good governance system and a healthy supervision function for the Board and enhancing management function.



### Board of Directors

PCSC's Board of Directors consists of 13 directors (including 3 independent directors). They serve a 3 year term, and a nomination system is used whereby shareholders select names from a list of candidates. The average age of board members is 59, and the members includes 2 female. The education, professional backgrounds and remuneration for directors can be found on pages 15-20 of the 2017 annual report. This may be downloaded from the Market Observation Post System or on the investor relations web site <http://www.7-11.com.tw/company/ir/>). Per the regulations set forth in the "Regulation Governing Procedure for Board of Directors Meetings", to avoid conflicts of interest among those at the highest levels of governance for the company, Board members who find they or a juridical person they represent has an interest in a matter before the Board which could cause harm to the company's interests may state their opinion and provide consultation, but may not participate in discussion or voting, and must remove themselves during discussion and voting time. They also may not hold a proxy for any other director. Moreover, the Board of Directors must meet at least once per quarter, to consider the company's operating results and discuss the company's development strategies and major investment issues. From 2017 through the end of February, 2018 (prior to the printing of the 2016 annual report) the Board met 9 times, with an average attendance rate of 96.6%.

## **Audit Committee**

Based on the regulations of the "Regulations Governing the Exercise of Powers by Audit Committee of Public Companies", PCSC established an Audit Committee on June 21, 2012. The Audit Committee assists the Board of Directors in its supervisory duties and is responsible for the duties set forth in the Company Law, the Securities and Exchange Act and other relevant laws and regulations. The Committee is composed of three independent directors with Shu, Pei-Gi as convener. It meets at least once per quarter. From 2017 through the end of February, 2018 (prior to the printing of the 2016 annual report), the Board of Auditors held 8 meetings, with an attendance rate of 100%.

## **Remuneration committee**

Based on the dictates of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter", PCSC established a Remuneration Committee on August 19, 2011. This committee primarily assists the Board of Directors in implementing and assessing the company's overall remuneration and benefits policy, as well as the remuneration for Directors and managers. The Committee is composed of three independent directors with Wang, Wen-Yeu the convener. It meets at least 2 times per year. From 2017 through the end of February, 2018 (prior to the printing of the 2016 annual report), the committee held 3 meetings, with an attendance rate of 100%.

## **Ethical corporate management**

Anti-corruption, transparency and responsibility are the basic management principles at PCSC. In step with worldwide trends and legal requirements, in 2015 PCSC established its "Ethical Corporate Management PracticeTeam". The team is under the Board of Directors, and is responsible for setting ethical management policies, molding corporate culture and establishing good risk management mechanisms for healthy, sustainable corporate operations and development. The "Honest Operation Team" drafts the "Corporate Governance Best Practice Principles ", the "Ethical Corporate Management Best Practice Principles " and the " Ethical Corporate Management Operating Procedures and Code of Conduct ", and enhances employee knowledge, while simultaneously handling notifications on ethical management and promoting "ethical management" activities throughout the company. By means of self-discipline pact signing events, the team promotes good behavior models throughout the employee base. The team periodically reports to the Board of Directors on the status of its work.

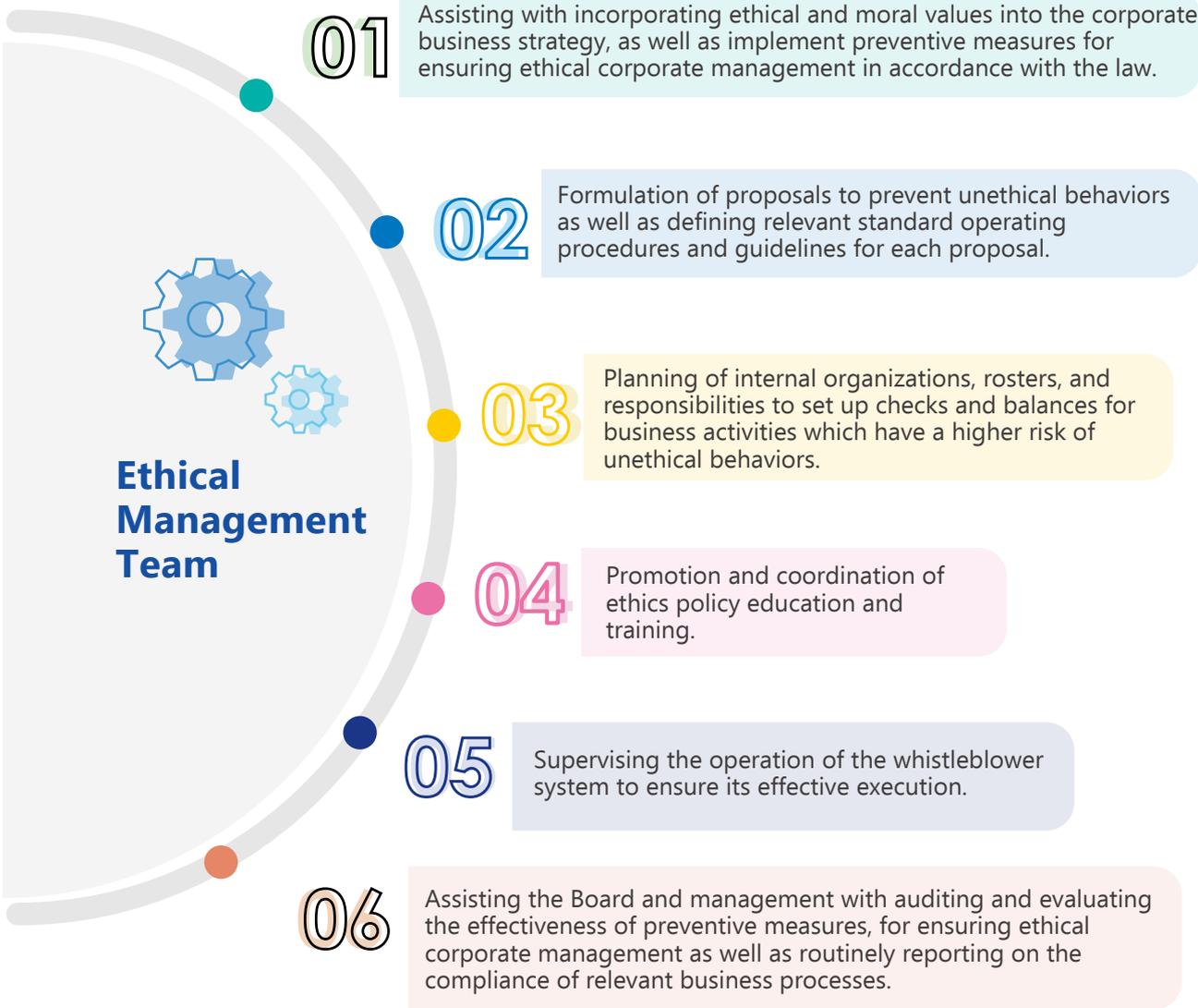
In terms of internal ethical corporate management, the team compiled an online course in ethical corporate management, and as of December 31, 2017, 100% of Backoffice personnel and store managers had completed the course. The main thrust of the 2017 efforts in ethical operations focused on legal issues that were significantly affect our operations and which were widely found. An example is Fair Trade Act and Labor Standards Act.

To promote ethical operations outside the Company, PCSC has established prevention measures to actively and openly express our commitment to ethical operations. In the PCSC supplier agreements, a clause requiring "honesty and no acceptance of bribes" was added in 2013, requiring suppliers to adhere to ethical operation as well, and preventing any dishonest business practices from occurring. This protects the common interests of both parties. Beginning in 2016, clauses related to corporate social responsibility were added to agreements with major suppliers. If suppliers violate the policies, causing a discernable impact to the source community's environment or society, the contract may be suspended or terminated at any time. In 2017, PCSC had 964 supplier contracts and 278 standard purchase contracts. All included sign-offs on ethical operations and corporate social responsibility clauses, implementing PCSC core values.



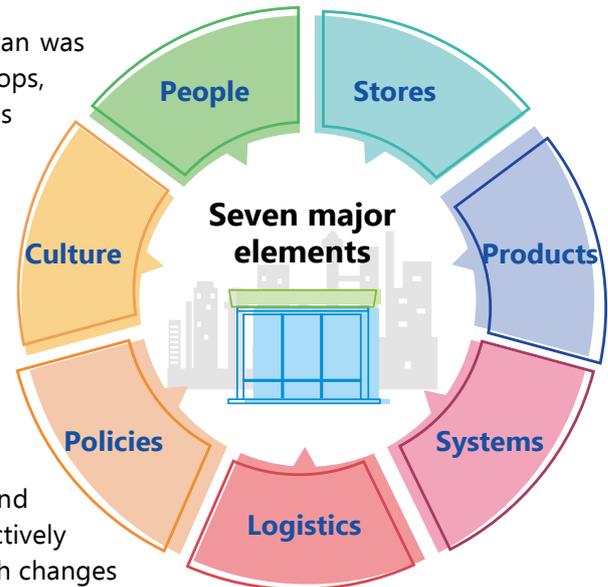
In addition to our core value of ethical operations, it is also committed to properly disclosure of information. In May of each year, we disclose the status of the company's promotion of ethical operations on our official website and in our annual report. There are 1,361 instances of feedback from stakeholders were received between January and December of 2017. Most of these were inquiries and opinions about general matters from Joint Service Centers, with feedback and questions about employees and franchise development next in number.

To encourage employees and management to communicate directly with one another, the company has set up a Joint Service Center, email addresses and dedicated stakeholder areas on the official Web site to assist in answering employee questions. It has also established an internal inquiry system that provides timely interaction with employees so that they may fully express their opinions to the company's management. In addition, there is an internal communication platform for timely dissemination of all types of information to all employees. Our Internal Audits Office and Joint Service Center both have hotlines and PCSC's corporate stakeholder page for stakeholders to use as a conduit. Moreover, we have set up comprehensive systems and mechanisms to ensure that stakeholder feedback and opinions are handled appropriately. When a stakeholder uses a dedicated address on the Web site, the information goes through the system and is sent to the responsible department. The responsible windows are requested to report back on their progress on the issue within a set period of time and the company does monthly tracking of the number of open issues and progress in handling them.

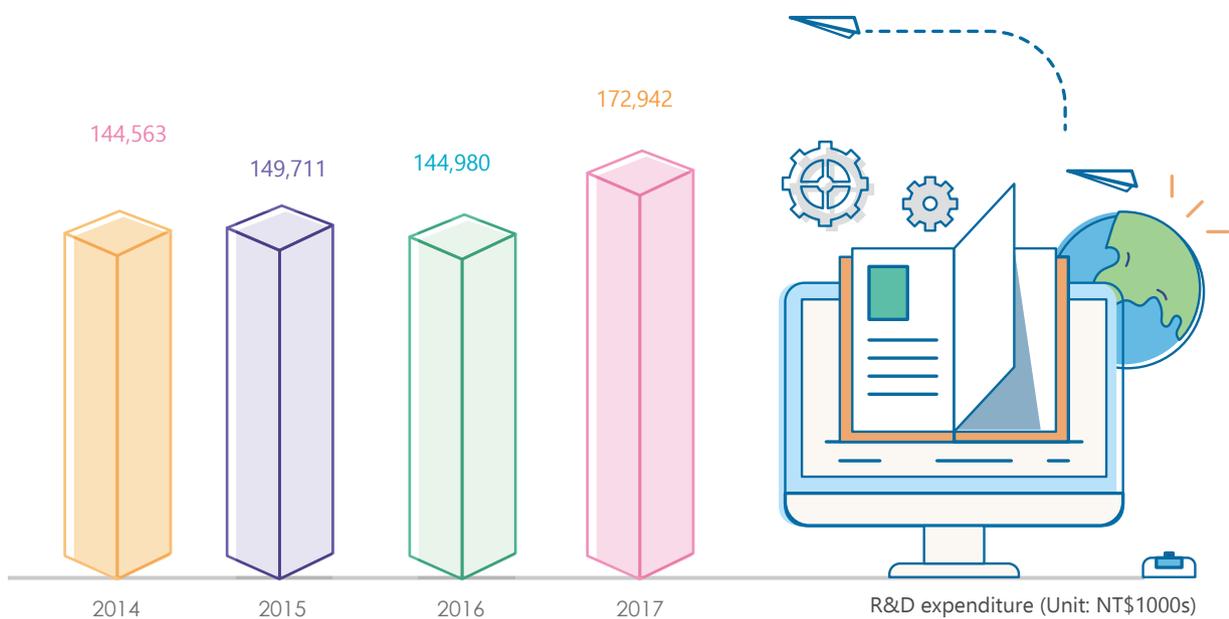


## 1.3 Operating strategy and management

Although the overall operations environment in Taiwan was quite challenging in 2017, PCSC believes in people, shops, products, systems, logistics, mechanisms, culture as foundation. We constantly moving ahead from the past and over competition, creating new highs in operations. In addition to establishing stores in new areas, enhancing fresh foods and the fresh "City Blends" coffee structure, and moving into digital services, PCSC has pushed out an e-wallet with stored value, payment and points functions. This gives local residents a more convenient experience.



PCSC brings together many innovative products and services and continues to deepen our efforts more actively rolling out the power of technology. To keep pace with changes in consumer models and competition, in 2018 we first announced our future "X-STORE". This is based on three concepts: exploration, experience and excellence. On the foundation of intelligent retailing, this showcases Taiwan's strength in technical operation of convenience stores both in Taiwan and worldwide to make the fortunate and convenient life of the future. In 2017, PCSC invested NT\$172,942 into related development and research.



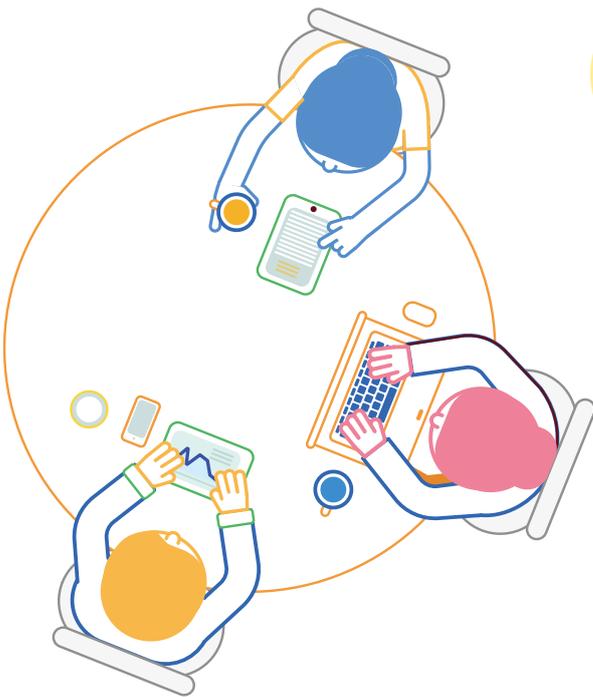
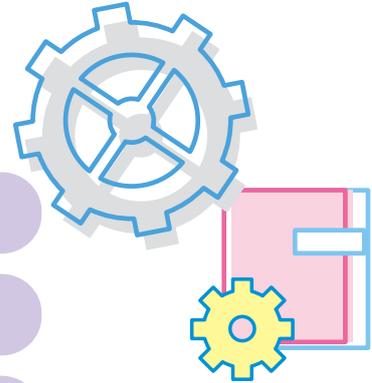
In the future, PCSC will continue to hold fast to the idea of "pledging to become the best retail operator, to provide the most convenient services in life, and excelling at social responsibility" as its mission. CSR is not only the direction for this company's development, it is our core operating value. PCSC always brings together a prosperous company, the common good of society, and a sustainable earth, and emphasizes caring for our partners, developing our stores, and creating new products and services to create a positive cycle for the company and all of society.



## Long- and short-term business development plans

### 01 Short-term business development plan

- 1 Continue business district integration and establish a competitive base of large stores.
- 2 Strengthen the autonomy of individual stores and create an advantage through differentiated operations.
- 3 Enlarge the integration of the physical and the virtual and grasp business opportunities in the virtual service area.
- 4 Optimize the operations base, establishing power for mid- and long-term development.



### 02 Long-term business development plans

- 1 Optimize the franchise mechanism to create a win-win situation.
- 2 Thoroughly implement value marketing, to improve the consumer experience.
- 3 Implement lean operations, and make full use of resources.
- 4 Integrate the group's resources and seek stable profits.
- 5 Actively develop talented people to ensure sustainable operations.

## Risk management

We do our utmost to maintain a comprehensive system of risk management, and to bring the entire group and all subsidiaries under this risk management. From the company's Board of Directors and management at all levels to employees, all participate and promote this. In addition to respecting all laws and regulations, the company also considers the potential risks it could face in any business activity, and proactively looks at the type of risk and the potential impact in identifying, analyzing, balancing, monitoring, responding to, reporting on and improving handling of the risk. At the same time that it rationally protects the company's achievement of its strategic goals, this also effectively holds and controls potential relevant risk. Primary risk management organizations and various risk management initiatives and the units responsible for them are as follow:

Risk type	Implementation of risk management	Responsible unit
Strategic operational risk	<p>1. Business groups and subsidiaries plan and assess risk before deciding on investment and operations. The President's office periodically performs analyses of related indicators and holds PCSC and affiliated enterprises quarterly meeting. There is also periodic oversight of specific types of affiliated enterprises cases, with tracking and analysis of business results to ensure that each business unit's operational strategy conforms to the operational goals and vision.</p> <p>2. The company takes a mid- and long-term view of food safety risk and maintaining franchise discipline. Because the existence of food safety risk can seriously impact the company's image, and impact the company's income and profits. A product safety process controls mechanism has been established to enhance the management of the supply chain as a long-term effort on the part of the company; to keep individual shops growing and the overall operations of the company stable, PCSC continues to optimize its franchising mechanism, improving the remuneration to franchisees, and keeping franchises in good order. This is another adaptive measure the company is taking.</p>	Office of the President/ marketing groups/ operations group
Finance, liquidity and credit risks	PCSC's finance office takes laws, policy and market changes into consideration when setting various strategies, processes and indices, periodically analyzing and assessing changes to related risk and taking appropriate countermeasures to reduce the company's overall potential risk.	Finance Office
Market risks	<p>Various business units, based on function, analyze and assess major domestic and foreign policy, law and technological changes and adopt appropriate countermeasures to reduce future potential operating risk. Moreover, PCSC also has an inter-division Regulation Identification Committee and periodically holds "Regulation Identification Meetings" to keep constantly abreast of the newest changes to laws and regulations so as to be able to adopt appropriate countermeasures. Additionally, each unit's supervisors also establish a "Crisis Management Team" to effectively control and manage any potential or current market risk or crisis. New risk assessment mechanisms evaluate legal risk by objective quantitative data for better improvement and tracking.</p>	Various business units/ Regulation Identification committee/crisis response teams
<p>The internal Audit Office uses risk assessment and laws and regulations to set annual audit plans and proactively monitor processes and methods. Through the execution of audit plans and other monitoring activities, we constantly control the above types of potential risk and periodically presents its results to the Board of Directors.</p>		

## Climate change risk and adaptations

PCSC is conscious of the ever-increasing seriousness of climate change and its damage to the earth. This is causing governments worldwide to adopt compulsory measures to control activities in various industries that are related to climate change. This has become a major challenge for operations. Although Taiwan has yet to place compulsory legal measures on retailers, PCSC is a standard bearer in this area. Operational procedures and the lives of the people are inextricably intertwined, and we realize that it has an obligation to be mindful of climate change risk and the impact climate change brings to the earth. As a result, PCSC began to use the Greenhouse Gas Protocol (GHG) as a standard for GHG inventories since 2005. It enables to better understand the company's emissions and find appropriate actions to reduce them. In addition to this, the company also actively seeks ways to conserve energy, improve the efficiency of equipment and enhance education and training in an effort to be a low-carbon enterprise. Details on KPI and implementation results can be found in the Environment chapter.



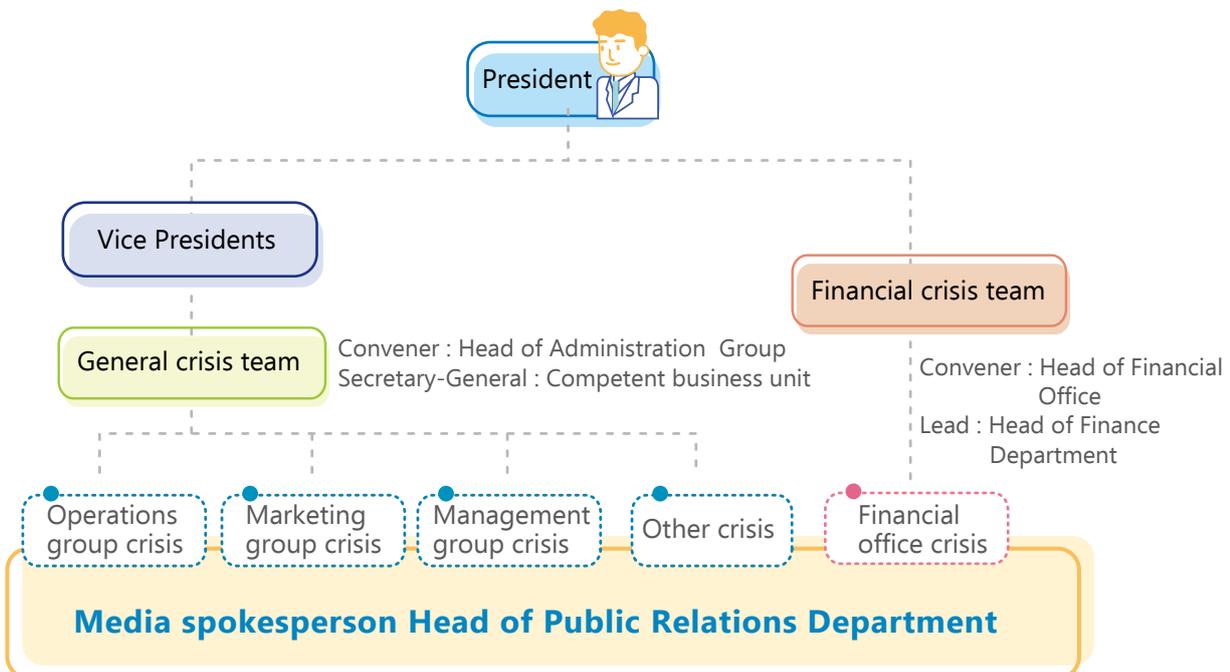
## Crisis management

A crisis can strike as quickly and as lightning. To improve PCSC's sensitivity to issues, in 2013, the company established a cross-departmental "Crisis Management Team" which acts per the internal "Crisis Management" mechanism to organize the prevention, handling and resolution of crises.

Moreover, it looked at the parent company, Uni-President Enterprises, and published a 3rd edition of the "PCSC Crisis Management Handbook" on February 14, 2014. The head of Administration Group serves as convener to ensure consistency in actions taken. The supervisor of the unit responsible for a particular crisis acts as lead, leading the different units in action. Media contact is handled by a single spokesperson, who is the responsible person for the Public Affairs Department. The handbook primarily refers to the parent company, Uni-President Enterprises, crisis handling principles to enhance and update the structure, and lays particular emphasis on the spirit of being responsible and being proactive. Consequently, there are descriptions of duty groups, grasping business, inter-unit communication mechanisms and so forth. Moreover, to ensure that the responsible units are able to quickly find a reference when an emergency does occur, types of crises are categorized, for example, product quality discrepancies, false advertising, etc. The business units are clearly divided into five categories: Operations Group Crises, Marketing Group crises, Financial Office Crises, Administration Group Crises, and other crises.

When handling a crisis, methods need to be adapted in response to prevailing conditions. To do this and hold fast to the core principle of "honesty", communication targets are expanded to encompass employees, customers, and news media, so that those within the company feel secure and those outside are assured of the company's trustworthiness. This augments the practicality of the handbook. We also invited managers from various departments to engage in internal discussions and simulations such as the procedures for handling incidents related to food safety. Through the use of occasional simulation exercises, the company's employees develop a crisis consciousness and when an actual crisis occurs, they are all able to respond in a timely manner, turning the crisis into an opportunity. At the same time, this reduces the impact of various crises on the company's operations and income, protecting the interests of all our stakeholders.

### Structure of the Crisis Team



# 02



## President Chain Store Corp.- Happy Products and Services



### 2018 KPI

- More than NT\$**40,000,000** was invested in product safety management.
- **100%** of PB/PL food product specifications were integrated into MAS prior to 2018.
- **80%** of PB material suppliers completed on-site evaluations.
- **100%** of privately owned product OEM factories completed on-site evaluations
- **100%** of domestic contract manufacturers for privately-owned products (not including suppliers of raw materials used in food products, direct raw materials suppliers, or egg suppliers) have obtained international/domestic food safety certifications, such as ISO22000/FSSC22000.
- **100%** of product systems warning that tobacco and alcohol products are not to be sold to individuals 18 years old or younger were online.
- **100%** of branches passed checks designed to ensure that they were not selling tobacco and alcohol products to individuals 18 years old or younger.

### 2017 KPI

- More than NT\$**40,000,000** was invested in product safety management.

Amount Achieved

Exceeded  
(NT\$**131,034,000**)

### 2016 KPI

- More than NT\$**39,000,000** was invested in product inspections.

Amount Achieved

Exceeded  
(NT\$**42,300,000**)



SDGs	SDG Target Details	2017 Efforts on SDGs
 <p>Zero Hunger</p>	<p>(2.1) By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round .</p>	<ul style="list-style-type: none"> <li>• PCSC attaches a great deal of attention to the issue of food safety. Our food safety policies, for example, “Focus on operations, traceability management, winning consumer trust”. To upgrade our food safety management, we set up a QC Lab in 2012 which is responsible for sampling products and raw materials before they put on shelves. PCSC invested NT\$131,034,000 in product safety inspections in 2017.</li> <li>• PCSC partnered with Taiwan Delica Foods to set up a privately owned product raw material and quality assurance management database (Raw material purchasing database, MAS) and implemented traceability management directed at material and supplier information. Product specifications in the MAS system are used to specify the raw materials in our privately own food products and the supplier. As of the end of 2017, 86% of the product specifications of our privately own food products had been completely entered into our MAS system.</li> <li>• On-site evaluations of single-use supplies suppliers were carried out 100%.</li> <li>• 100% of privately owned product suppliers completed on-site evaluations.</li> </ul>
 <p>Good Health and Well-being</p>	<p>(3.5) Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.</p>	<p>100% of product systems warning that tobacco and alcohol products are not to be sold to individuals below the age of 18 were online.</p>
	<p>(3.a) Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate.</p>	<p>100% of branches passed checks designed to ensure that they were not selling tobacco and alcohol products to individuals 18 years old or younger.</p>

PCSC is best described by the terms “multipurpose”, “multifunction”, “convenient”, “all-inclusive”, and “ubiquitous”. In the 1980s, we began playing the role of “good neighbor”, setting up shops on large streets and in small alleys and becoming part of the daily life of the people living nearby. With more than 5,200 branches around Taiwan, our stores can be found everywhere from busy cities to remote areas. As a “good neighbor”, we have made it our mission to provide high quality, convenience, and reasonable prices as well as comfortable spaces where individuals can relax and interact. Customers that walk into our stores can sense the effort we put into our work and the passion we put into our service. To ensure that we remain a “good neighbor”, we provide products and services with high CP values that also create a feeling of happiness that characterizes PCSC.

We continued to improve our products. For example, for our fresh food products, we employed revolutionary production processes, technical cooperation with external partners, and new structures to develop product differentiation. We also worked with major factories both in Taiwan and around the world on our own privately owned brands, like iselect and UNIDESIGN, so we can offer customers more made in Taiwan quality products.

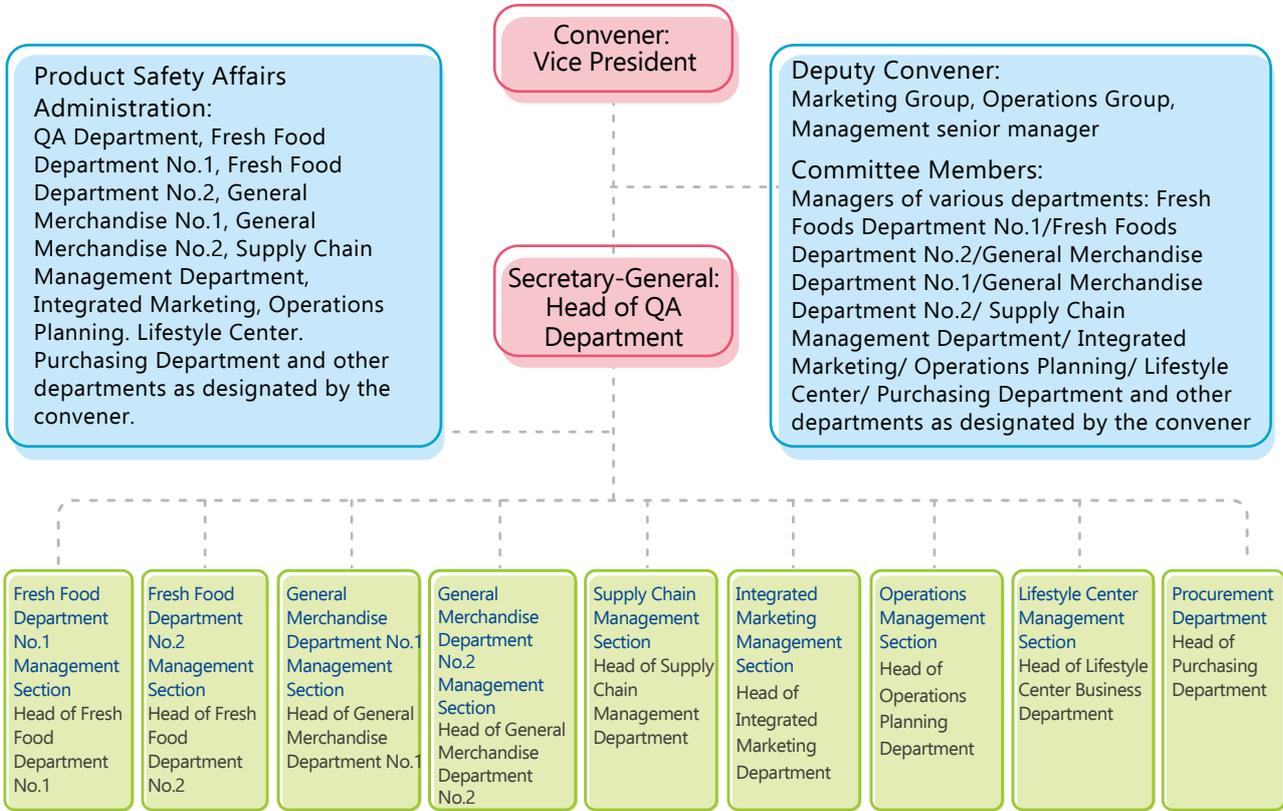
## 2.1 Source of Happiness – Product Safety Management

PCSC attaches a great deal of importance to the issue of food safety. Our food safety policies, for example, "Focus on operations, traceability management, winning consumer trust". It is our responsibility and desire to provide safe food. To set up a series of food safety checkpoints, we set up a Merchandise Safety Committee, established internal control mechanisms and upgraded the our QC Lab's testing capabilities. PCSC invested NT\$131,034,000 in product safety inspections in 2017.

### Merchandise Safety Committee

The Merchandise Safety Committee is convened by the vice president and co-convened by the senior manager of the Marketing Group, the senior manager of the operations group, and the head of the Management Group. The head of the Quality Assurance Department is the secretary-general of the committee. PCSC also set up the Product Safety Affairs Administration to be responsible to collect and integrate product safety related issues. It has eight operation teams under it and department heads serve as team leaders. In June 2017, because of revisions to the organizational structure necessitated by the food safety testing program, the Procurement Department was included into the Merchandise Safety Committee organization.

The Merchandise Safety Committee established a systematic management system covering 100% of PCSC's privately owned products to ensure safety and quality. In 2017, the committee convened three times, discussing such topics as government laws and regulations, contract manufacturers and supplier assessment deficiencies, product safety information, food safety testing program, and implementation progress.

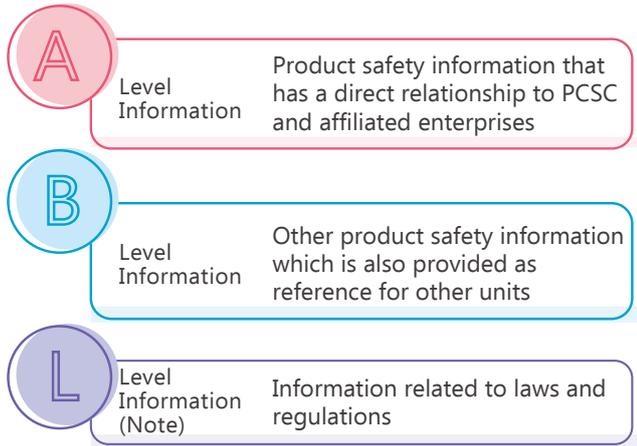


Note: This organizational structure chart was revised in June of 2017.



## Product Safety Information

To manage product risk and ensure the safety of our products, PCSC drew up the "Product Safety Information Collection, Assessment, and Tracking Procedure". It is used to collect relevant product safety information and track procedures for 100% of all PCSC privately owned products. In 2017, a total of 922 product safety messages were collected, including 7 A Level, 733 B Level, and 182 L Level.



Note: In November of 2017 "C Level" was replaced by "L Level" to indicate "Information related to laws and regulations".

## Traceability Management

Due to food safety issues in recent years, the government has invested a great deal of effort in ensuring food safety and established a number of measures. In addition to amending laws and regulations to increase criminal liability and penalties, it has also established many compulsory traceability measures. PCSC is not required under Article 9 of the Act Governing Food Safety and Sanitation to set up a traceability system. Nevertheless, PCSC partnered with Taiwan Delica Foods to set up a privately owned product raw material and quality assurance management database (Raw material purchasing database, MAS) and implemented traceability management directed at material and supplier information. Product specifications in the MAS system are used to specify the raw materials in our privately own food products and the suppliers. As of the end of 2017, 86% of the product specifications of our privately own food products had been completely entered into our MAS system.

In September 2017, the MAS system was upgraded as we began integrating product specifications with raw material operations, now employing online methods to manage the system, instead of traditional paper documents. Using electronic files and managing centrally through servers allows users in the various departments to check, maintain, and manage the system simultaneously, so that comprehensive checks can be carried out on all raw materials.

## QC Lab

Established in 2012, PCSC's Quality Control Lab is responsible for testing products before they are placed on shelves. It conducts rigorous tests for veterinary drug residue, pesticide residue, food additives, biological toxins, mycotoxins, microorganisms, and fake ingredients to ensure product safety. Our QC Lab obtained certification from the Taiwan Food and Drug Administration (TFDA) for the first time in 2014 and in May of 2017 received an extension valid until 2020. As of the end of 2017, the QC Lab established 580 tests in accordance with CNS and relevant bulletins/guidelines issued by the TFDA or other agencies as well as 137 non-standard tests set up by our QC Lab.



### Taiwan Accreditation Foundation (TAF) Certified Items

ISO/IEC 17025:2005 microorganism tests	4
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### Taiwan Food and Drug Administration (TFDA) Certified Items

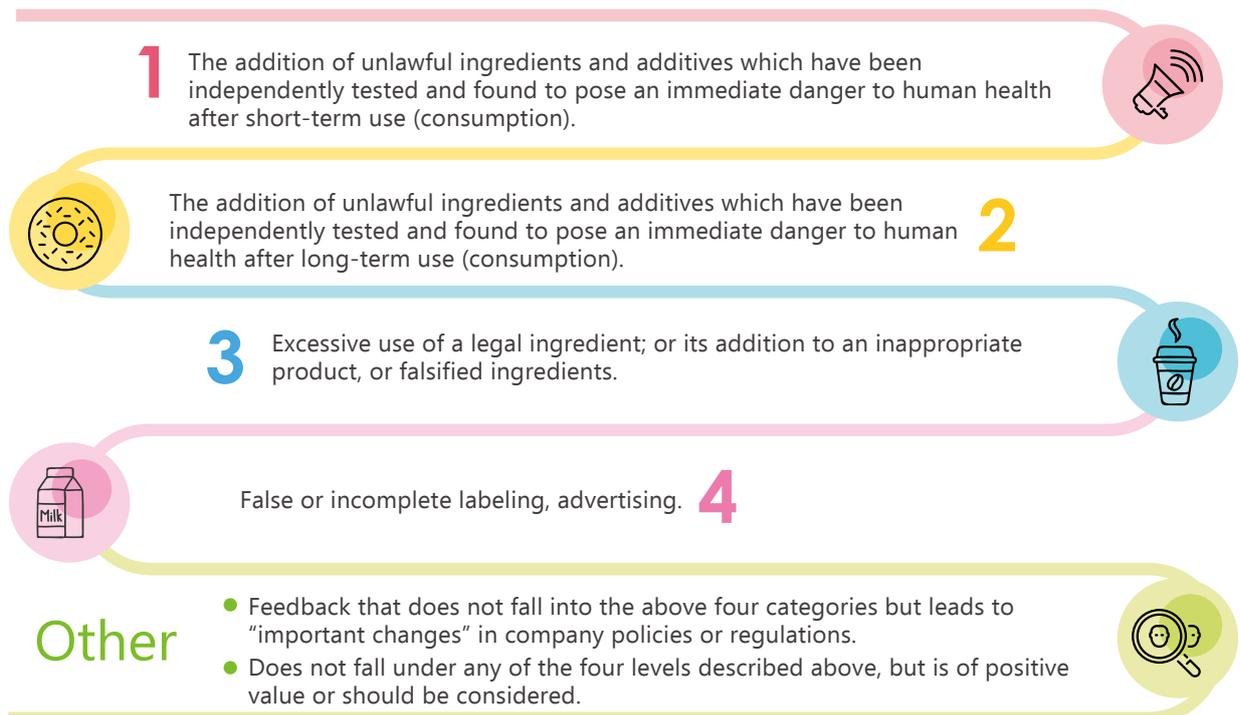
Nitrofurantoin metabolites	4
Chloramphenicol antibiotics	4
Multiresidue analysis (2)	48
Microorganisms	4
Colorants	8
Ochratoxin A	1
Patulin	1

In 2017, 963 of 983 product and raw material items tested passed for a passing rate of 98.0%. Suppliers are required to determine why items did not pass and take corrective action. Failed products are also removed from shelves as a preventive measure or enhance the external inspection to ensure the food safety. QC Lab's operating costs were NT\$27,751,000, including expenses accrued from outsourced testing NT\$5,947,000 (Note), accounting for 0.019% of overall operation income. The year's product safety management investment costs stood at NT\$131,034,000, exceeding 2017's KPI set at NT\$40,000,000.

Note: QC Lab costs include testing, salaries, depreciation, rent, equipment maintenance, and miscellaneous purchases.

## Internal Product Safety Monitoring Mechanisms

The "Privately Owned Products Safety Assurance Guidelines" were implemented primarily to establish an internal product monitoring system. Personnel from back offices and company-operated stores as well as franchisees are encouraged to notify the company if they have any suspicions about any advertising, labeling, or ingredients of any PCSC private brand products. Individuals submitting reports confirmed by the Merchandise Safety Committee are given awards, the amount of which depends on the severity of the level of risk involved. In 2017, two internal whistleblower complaints were issued, receiving a total of NT\$2,000 in rewards.





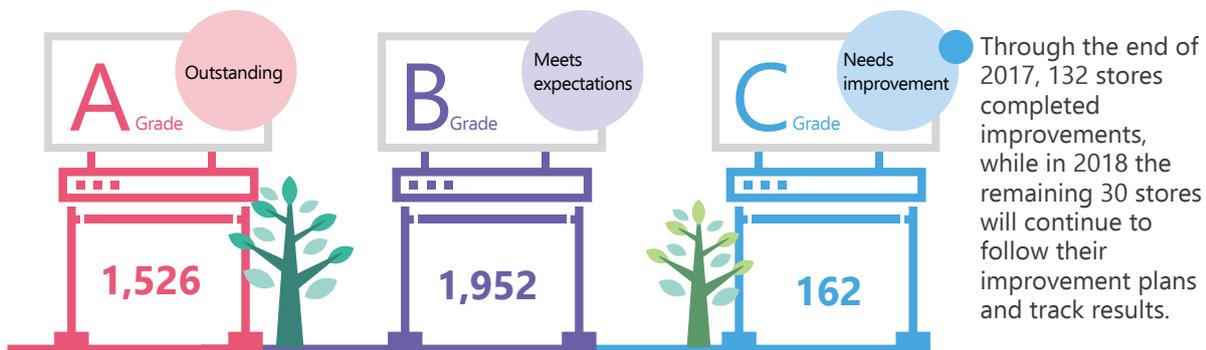
## Primary Logistics

In order to ensure that customers can shop at our stores and use our products rest assured that they have obtained quality products, we work with logistics companies to incorporate primary logistics and branch product management and service review. This enables PCSC to realize comprehensive top-to-bottom product control, ensuring that quality is maintained throughout from delivery to storage and display.

Temperature, personnel, and hygiene during the logistics process also have a direct effect on product quality. Therefore, PCSC adopted primary logistics management to consolidate transportation and extend the quality management process from store delivery to the supplier; such a comprehensive process quality management approach helps to ensure food safety. In 2017, the product categories for which primary logistics was introduced and implementation achieved 100% included fast foods (rice products, noodle products, salad), rice, bread products, bananas, and fresh vegetables (not including corn on the cob and bamboo shoots).

## Store Audits

In order to ensure PCSC stores provide consumers with an outstanding shopping experience, each year we hold service audits at company-owned stores and franchises. Four main areas are evaluated: basic services, specialized services, environment, and appropriate response measures. Results fall into three grades, from A to C. In 2017, audits were held at 3,640 stores and 1,526 stores received an A grade. Locations earning a C grade received coaching from the operations team and store-wide meetings were held to draft an improvement plan and track results.



Through the assistance of a management consulting firm, we also performed checks on product expiration date management and quality assurance operations. In 2017, audited stores represented 99.2% of all stores (Note). In 2017, 22,394 checks were performed with 21,809 earning a passing score for a pass rate of 97.4%.

Note: Because a small number of stores closed in early 2017 or opened in late 2017, they were not audited in 2017.

In addition to the aforementioned store checks, PCSC continued to hold quality assurance training for the staff of new and existing stores to enhance overall staff quality assurance capabilities. In 2017, 23,488 people participated in training. Beginning in July 2016, PCSC also commissioned a management consulting firm to audit store quality assurance training certification. 99.6% of branches in Taiwan received such audits in 2017 (Note). 55 did not pass and were audited again the following month. Two branches did not pass, because they did not present all the necessary paperwork during their previous audit. They audited by Capital after receiving training from the consulting firm. All other branch personnel passed after being audited a second time, completing "Quality Assurance and Ethical Corporate Management Certification".

Note: A small number of stores opened in late 2017 and were not audited in 2017.

## 2.2 Happy Communication - Excellent Service and Quality Assurance

PCSC is committed to upholding our customers' rights and interests, from ensuring complete product information on packaging to providing communication channels for customers to offer suggestions or comments. In cases where we receive personal information from our customers, data receives special protection.

In addition to protecting consumer rights, we hope to provide quality and friendly products and services that truly meet customer needs. In May of 2015, we set up a Customer Relationship Management (CRM) system using the icash card and OPENPOINT member information databank. The CRM system can be used to analyze customer profiles (including such information as gender, region, occupation, and age bracket) based on products sold to them and analyze product mixes (i.e., which products are commonly purchased together, e.g., soy milk and bananas). It is also used to analyze the holding power of new products, new products and the types of customers that might like them, and which market segments are loyal to brands. For example, we used the CRM system to analyze the idea of selling bread and CITY CAFÉ together. By analyzing data, we can determine the feasibility and benefits of selling various product combinations and thereby ascertain the relationship between buying a specific type of bread and CITY CAFÉ and how much influence coffee has on the purchase of that bread.

As of December 31, 2017, 1.15 million people registered to be VIPs with OPENPOINT. This huge membership databank enables us to carry out various kinds of case analyses each year. From September 2014 when the CRM system was formally inaugurated to the end of 2017, we analyzed 30 projects by using the system, enabling us to provide customers with better services and quality, helping us to become a better neighbor in communities throughout Taiwan. In 2018, PCSC added big data analysis which has served to refine our use of the CRM system, allowing us to carry out better customer purchasing behavior analysis and performance tracking.

## 2.3 Maintaining Happiness – Sustainable Supply Chain Management

As of December 31, 2017, PCSC boasted over 5,200 branches around Taiwan, representing the fact that our hard work to become a good neighbor in communities, offering happy products and services has been recognized by consumers. It also shows that PCSC has more responsibility. In order to ensure that customers can assured that they are buying safe, healthy products from us, we keep a high standard on all of our products, from the source of origin of the raw materials to our suppliers and product distribution to product management in stores.

### Suppliers

PCSC's suppliers can be split into three different categories, producers of non-privately owned products, privately owned products<sup>1</sup>, including private brand (PB) and private label products (PL), and others.

In the 1980s, PCSC began developing its PBs, starting with tea flavored boiled eggs in the self-service area. Later, we strived for developments that differentiated us from other retail channels. These include fresh foods, all PB, which were developed in light of such trends in Taiwan as eating out three times a day, drinking coffee, and the improvement of the quality of life (leading for a demand for fresher foods). This has been coupled with market surveys, consumer interviews and feedback, retail data analysis, and trend studies of nearby markets (Japan). PCSC strives for differentiation with other retail channels in the development of its fresh foods through a complete product structure, including product diversity, product compatibility, as well as food, beverages, and nutrition that meet the needs of consumers. New products are test marketed to determine consumer acceptability. When promoting product mixes, we take into consideration consumer eating behavior models and refer to the latest trends (e.g., having fruit/beverages with lunch). We also use the nutritional plans of local Departments of Health to enhance the nutritional value of meals for children. Nutritionists go to branch stores to mix and match food for healthier meals.

<sup>1</sup>PCSC's Fresh Food Department and General Merchandise Department collaborates with strategic alliance vendors to develop dedicated and exclusive products (excluding authorized products, such as OPEN...) which are marked with the PCSC label. Privately owned products, including those under private brands and private labels. Private brand products, such as onigiri and oden, are exclusive products mass produced under contract or developed in cooperation with other manufacturers. Private label products are private brand products designed by ourselves



By working with and managing suppliers, PCSC helps ensure the healthier and safer lives for consumers. We want to work with suppliers that share our views on quality and recognize the importance of self-management. Due to the special characteristics of our industry, PCSC does not operate its own factories, instead our private brands are produced by contract manufacturers. As such, we have drawn up the "PCSC's Private-Owned Product Supplier Code of Conduct" for our suppliers. We have also established the "Privately-Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" to review such facilities in addition to the "Regulations Governing Raw Material Suppliers and Raw Material Management" for direct raw material suppliers and "Regulations Governing the Management of Egg Raw Materials for Commercial Use" regarding regular evaluations of egg suppliers. The evaluations of private brand suppliers include new supplier evaluation and the routine evaluation of existing suppliers. The areas covered in evaluations of our own-branded food product suppliers (including contract manufacturers and direct raw material suppliers, and egg suppliers) are listed in the "Areas Covered and Percentage of Rating in Supplier Assessments" tables below. Through comprehensive evaluations, we ensure product safety and proper organizational management. Suppliers are given an evaluation rating of A, B, C, or D, where a passing score for contract food manufacturers is B or higher and C or higher is considered passing for direct raw materials and egg suppliers. The scores are also discussed further below.

### PCSC Private Brand Supplier Behavior Guidelines:

1

Suppliers are not to violate any laws related to workers and are to offer equal employment opportunities. If they employ any individuals with disabilities or provide "sheltered employment for individuals with disabilities", their regulations regarding worker rights are to conform to relevant laws and regulations.

2

Raw materials, products, or services provided by suppliers are expected to be in accordance with current technological standards to a reasonable degree and with environmental protection, food safety, and other relevant laws and regulations, so that the Earth's resources can be utilized in a sustainable manner.

3

Suppliers, PCSC, and their members are not to be involved in any activities of any kind to obtain unwarranted interests.

In addition to drawing up the "PCSC's Private-Owned Product Supplier Code of Conduct" and the "Privately-Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines", "Regulations Governing Raw Material Suppliers and Raw Material Management", "Regulations Governing the Management of Egg Raw Materials for Commercial Use", we require that all of our suppliers sign an "Agreement of Ethical Corporate Management and the Corporate Social Responsibility". In the event that a firm is unwilling to sign the agreement, we are to first determine whether or not they already have similar regulations of their own. If they don't, then we are to attempt to communicate with them and ask that they commit to the important items in the agreement. In the event that communication has no effect, but we still need to purchase from them, we require that they firm sign an "Integrity and Honesty Declaration". The "Ethical Corporate Management" clause of the "Agreement of Ethical Corporate Management and Corporate Social Responsibility" requires that suppliers not be involved in any activities to gain inappropriate advantages, including but not limited to the giving of bribes or gifts. The "Corporate Social Responsibility" clause requires that suppliers guarantee the rights of workers, do not discriminate, ensure equal employment, and the products and services that they provide meet environmental and safety standards required by law and that they do their best to reduce any adverse impact on human health and the environment.

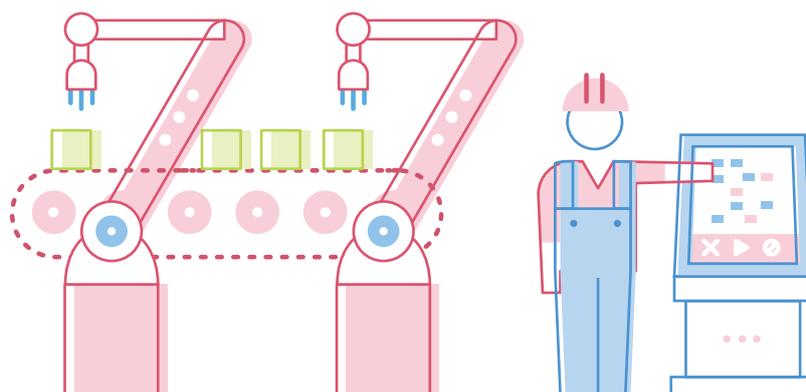
### Supplier Assessment Findings and Rating Standards:

Score	Rating explanation
A	90 points or more
B	80~89 points
C	70~79 points
D	69 points or less

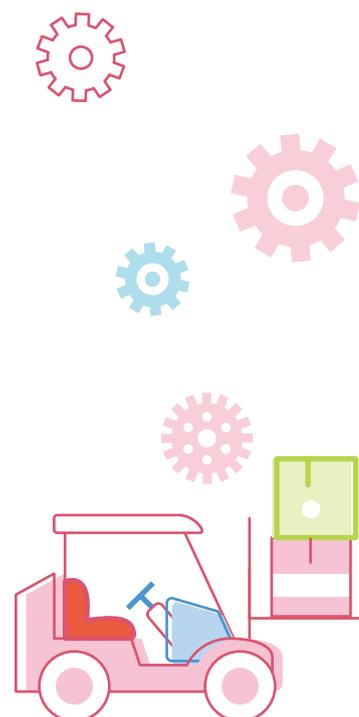
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## Areas Covered and Percentage of Rating in Supplier Assessments

### 1.Contract Manufacturers



No.	Area Reviewed	Percentage of Score
1	Management and regulations	7.1%
2	Hazard analysis & critical control points (HACCP) food safety system	4.5%
3	Process and product control	19.6%
4	Non-conforming product control and tracking	3.6%
5	Environmental sanitation	8.9%
6	Employee health and sanitation	8.9%
7	Facilities and equipment	18.8%
8	Vector control	5.4%
9	Food safety crisis management	7.1%
10	Testing and measurements	6.3%
11	Storage and transportation	9.8%
12	Social Responsibility	Not scored, but must not violate any prerequisite conditions



In addition, we have the following requirements for new suppliers:

	<p>1 Lawful conditions</p>	<p>Holds a valid company registration, factory registration, business registration, or change notice. (Those determined by competent authorities to be exempt from registration must provide additional supporting documents as proof). The type of industry recorded on the registration must include products and brands outsourced for processing. Overseas contract manufacturers should follow the relevant local legislation of their home countries.</p>
	<p>2 Quality certifications</p>	<p>Priority considerations are given to those with CAS, TQF, HACCP, or ISO22000 quality certification.</p>
	<p>3 Sound management system</p>	<p>Proper quality management, internal QC capabilities, production management, and hygiene management.</p>
	<p>4 Raw material traceability</p>	<p>Raw materials are to be traceable to ensure products satisfy relevant national food safety and health regulations concerning pesticides, veterinary drug residue, and heavy metals.</p>



## 2. Direct Raw Materials Supplier

### (1) Factory Type

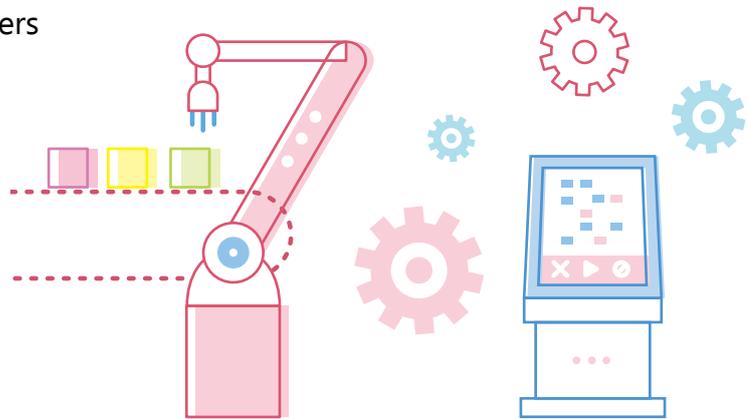
No.	Area Reviewed	Percentage of Score
1	Factory equipment and environment sanitation management	19.0%
2	Processing personnel sanitation management	8.0%
3	Production process control	15.0%
4	Quality control	27.0%
5	Raw material control	14.0%
6	Storage and transportation control	7.0%
7	Customer complaints and continuing to improve	5.0%
8	Has environmental protection guidelines	5.0%
9	Product supply capabilities	Not scored

### (2) Trade Type

No.	Area Reviewed	Percentage of Score
1	Factory grounds sanitation management	18.0%
2	Processing personnel sanitation management	5.0%
3	Production process control	6.0%
4	Quality control	29.0%
5	Raw materials (product) control	17.0%
6	Product storage and transportation control	12.0%
7	Customer complaints	8.0%
8	Environmental protection	5.0%
9	Quality and product supply capabilities	Not scored

### (3) Agricultural and Livestock Suppliers

No.	Area Reviewed	Percentage of Score
1	Raw material control	30.0%
2	Quality and product supply capabilities	10.0%
3	Plant cleanliness and sanitation	30.0%
4	Production process control	30.0%

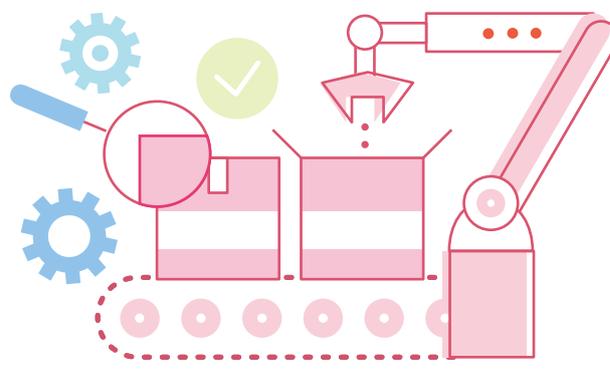


In addition, we have the following requirements for new suppliers:

	1 Lawful conditions	Holds valid documentation, such as company registration, factory registration.
	2 Quality certifications	Priority considerations are given to those with CAS, TQF, HACCP, or ISO22000 quality certification.
	3 Assessment documents	When new raw materials are introduced, raw material traceability documents and risk assessment documents are to be provided.

#### (4) Egg Product SuppliersSuppliers

No.	Area Reviewed	Percentage of Score
1	Production area environment	2.2%
2	Factory facilities	33.2%
3	Equipment and packaging materials	13.3%
4	Production process management	8.9%
5	Quality management	6.6%
6	Sanitation management	6.6%
7	Transportation management	4.4%
8	Product sampling results	2.2%
9	Raw materials and product checks	8.9%
10	Risk management	13.7%



In addition, we have the following requirements for new suppliers:

	1 Quality certifications	Eggs processed at the washing and picking plant must be sourced from a Certified Agricultural Standards (CAS) approved and contracted farm. The washing and picking plant must also pass CAS evaluation standards and receive qualification (such as a product certificate).
	2 Packaging and labeling	Egg packaging and labeling must meet national regulations and CAS benchmark verification for egg products, such as product name, and the names, addresses, and phone numbers of the producer and distributor.
	3 Inspection	Eggs must pass inspection under announced national standards that include testing for salmonella, 48 kinds of veterinary medicine residues, tetracycline antibiotics, antibiotics and their metabolites, and chloramphenicol.

In order to improve suppliers product quality, we are pushing for privately owned food product suppliers to acquire ISO22000 certification for food safety and health management system. During 2017, there were 51 suppliers (including contract manufacturers and direct raw material suppliers, and egg suppliers) for PCSC privately-owned food products that operate a total of 95 factories. 62 of the 95 factories located in Taiwan and all of them had ISO22000 certification.

#### Frequency of On-site Inspections for Contract Manufacturers

PCSC established "Risk Grading Assessment Guidelines" for food product contract manufacturers to serve as a basis to evaluate risks. It completed risk assessments for 64 food contract manufacturers based on these guidelines in 2016 and assigned risk grades to serve as a basis to determine the frequency of on-site inspections for contract manufacturers in 2017. It started carrying out inspections on 1 January 2017.

Risk grades use the indicators listed in the guidelines to calculate the composite risk values of PB, PL contract manufacturers for each year (January ~ December). The basic risk value+weighted risk value +major risk value = composite risk value. Composite risk values  $\geq 70$  points are considered high risk;  $< 70$  points are considered low risk. Of the 64 contract manufacturers producing privately owned food products assessed in 2016, 35 were deemed to be high risk, while 29 were low risk.



2

The frequency of on site inspections is based on contract supplier assessment ratings and composite risk values. In 2017, 51 privately owned food product suppliers (including contract manufacturers, direct raw materials supplier, and egg product suppliers) had cooperative relationships (Note 1) with PCSC. Audits were completed on 100% of them (Note 2). Of the 192 audits carried out on these 51 suppliers, 188 audits, or 97.9%, were passing. Apart from issuing fines to non-conforming suppliers in accordance with the merchandise quality contract, suppliers were also asked to undertake corrective measures and be re-evaluated. All have now achieved passing scores.

Notes:

1. Defined as (1) existing suppliers that passed new supplier assessment and the internal approval prior to 2017. (2) New suppliers that received certified standards in 2017. (3) Those that in 2017 applied to terminate appraisal and were approved are also counted.
2. Business and contract production was ended with four contract manufacturers, two direct raw materials suppliers, and one egg product supplier prior to the evaluation frequency deadline specified for the rating achieved in their pre-supplier evaluations. Therefore, as stipulated in relevant regulations, no further evaluations were required in 2017.

### Comparison Table of Frequency of On-site Inspections of Domestic Contract Food Manufacturers:

Level Result Risk Level	Level A ≥90 points	Level B 89~80 points	Level C 79~70 points	Level D ≤69 points
	Pass		Failed	
Low Risk	12 months	6 months	Be reviewed for 3 consecutive months and pass the assessment	Be reviewed for 3 consecutive months and pass the assessment or termination of contract.
Higher Risk	6 months	4 months		

### Comparison Table of Frequency of On-site Inspections of Overseas Contract Food Manufacturers:

Level of Evaluation	Grade of on siteevaluation	Result	Frequency of evaluation / action
Level A	≥90分	Pass	Once a year and completed the evaluation at the current year.
Level B	89-80分	Pass	
Level C	79-70分	Failed	Contract manufacturers have to stop the production arrangement. They can return to normal If they passed the evaluation within 6 months. Otherwise, the production will be terminated.
Level D	≤69分	Failed	

### Store Supplies Suppliers:

In 2017, PCSC had 10 store single-use supplies suppliers in Taiwan (Note 1). Audits were completed 100%(Note 2). 13 audits were carried out on the 10 suppliers. A total of 13 evaluations were carried out on the 10 suppliers and all of them passed. Please see the following table "Areas Covered and Percentage of Rating" and "Table of frequency of audit, standard of suppliers assessment ratings and standard for passing evaluations".

Note:

1. "Store supplies suppliers" are domestic manufacturers that provide items that come in contact with food, like single-use paper cups and bowls, provided to customers as a service.
2. Business and contract production was ended with Pack & Proper prior to the annual evaluation. Therefore, as stipulated in relevant regulations, no further evaluations were required in 2017.

### Areas Covered and Percentage of Rating

No.	Area Reviewed	Percentage of Score
1	Management	5.1%
2	Quality Management	8.9%
3	Environmental Status	3.1%
4	Merchandise innovation	3.4%
5	Purchase and Raw Material testing	19.9%
6	Producing and packing	15.1%
7	Health, safety and working condition	13.0%
8	Product	10.3%
9	Storage and transportation	9.6%
10	Customer complaint	4.8%
11	Product specification check	6.8%

Table of frequency of audit, standard of suppliers assessment ratings and standard for passing evaluations

Level of Evaluation	Grade of on site evaluation	Result	Frequency of evaluation / action
Level A	≥90分	Pass	Once a year and have to complete the evaluation at current year.
Level B	89-80分	Pass	
Level C	79-70分	Pass	
Level D	≤69分	Failed	Be reviewed and pass for 3 consecutive months or termination of contract. Immediately.

### PCSC’s Key Suppliers

In 2017, PCSC had 17 key suppliers. Key suppliers are defined as follows:



**Procurement Department**  
Suppliers of food packaging which suppliers are directly related to branch store operations with procurement amounts of over NT\$30,000,000.



**Key tier**  
Top five suppliers of private brand products in terms of trade volume with PCSC during the previous year.

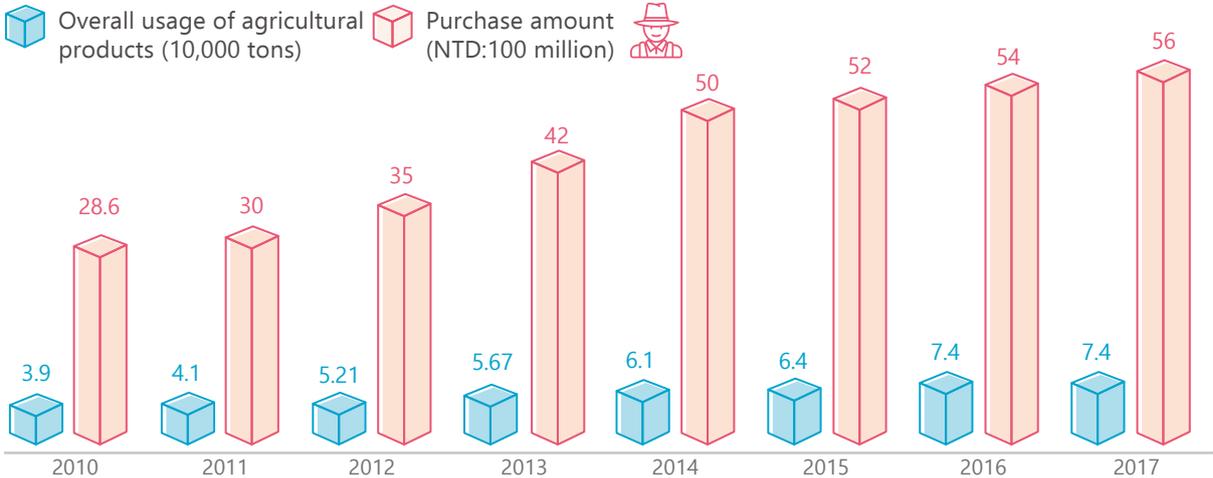


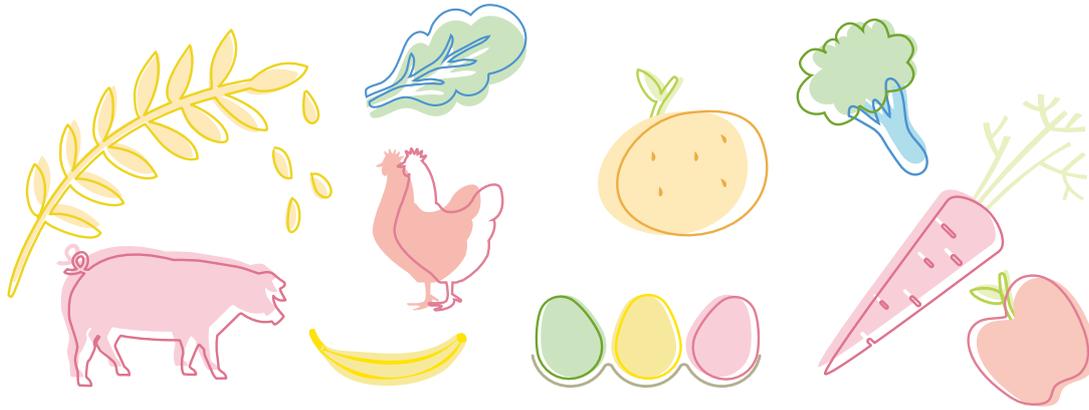
**Non-key tier**  
Top ten suppliers of PB raw materials in terms of trade volume with PCSC during the previous year.

### Source Farm Management

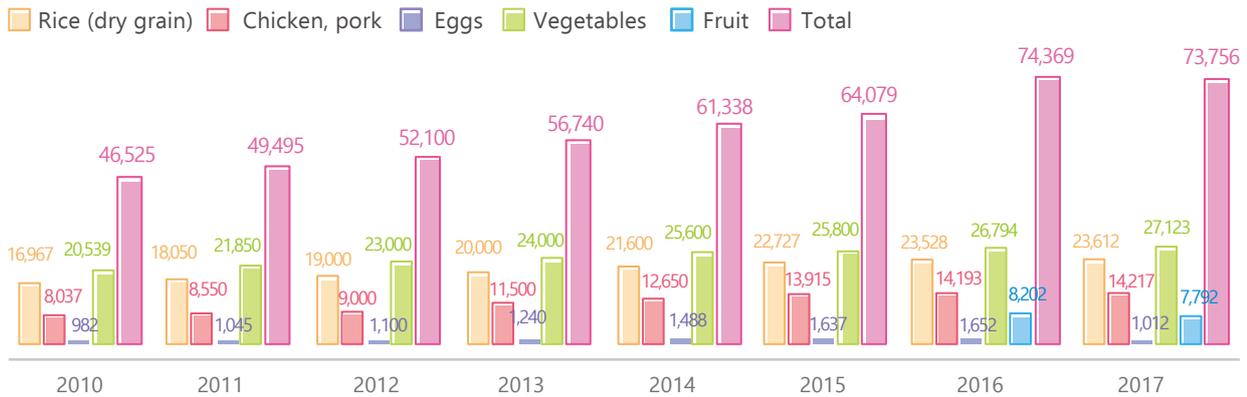
PCSC’s food products are healthy and fresh and made only from high quality and local agricultural produce. PCSC has partnerships with farmers in Taiwan. Their fresh food factories produced 74,000 tons of agricultural produce which was purchased by PCSC for NT\$5.6 billion.

#### Amount Used Over the Years



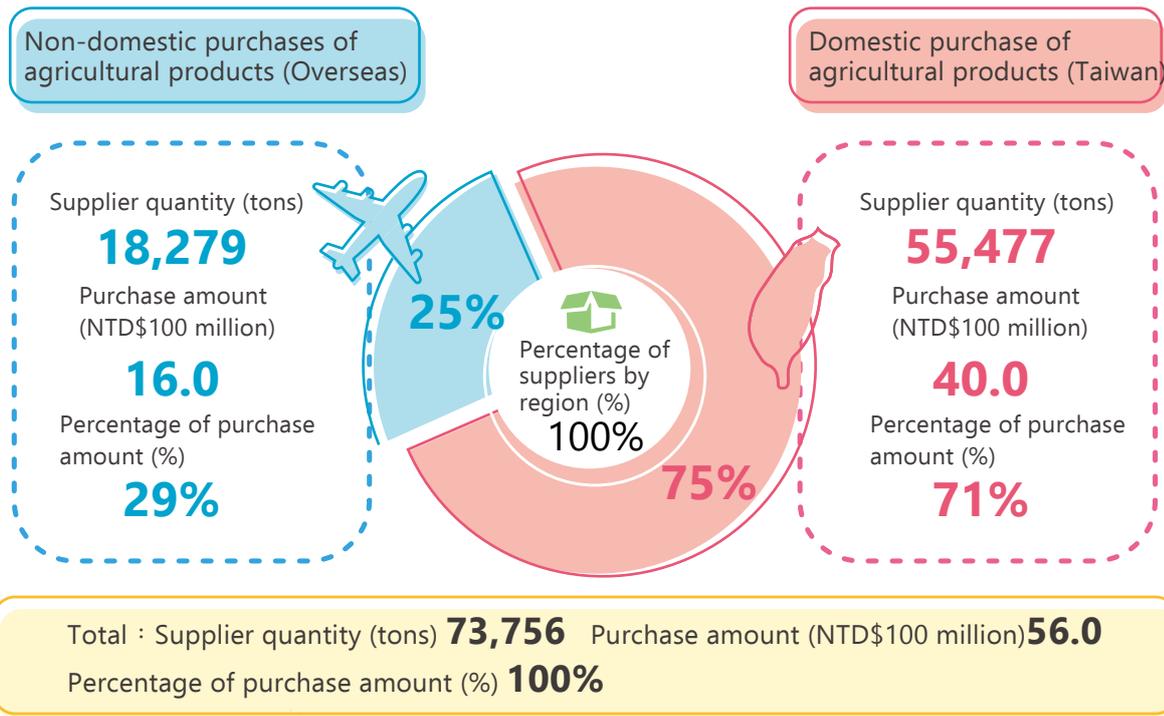


### ○ Raw Material Usage (Tons)



2

In order to encourage agricultural development in Taiwan and reduce our overall environmental footprint, PCSC continues to increase local procurement. In 2017, Taiwanese suppliers represented 76% of total procurement and NT\$3.99 billion (72% of total procurement dollars).



## 2.4 Guarantee of Happiness - Legal Compliance

The production and sale of PCSC private brand products, including raw material sources, ingredients, product labeling, and product marketing are all governed as required by relevant laws. For non-private brand products, we work with suppliers to ensure regulatory compliance through communication, testing, and our auditing mechanisms. In 2017, no products sold by PCSC violated regulations regarding customer health and safety, product labeling, or marketing communications and we did not sell any prohibited or controversial products. 100% of the warning systems stating that PCSC is not permitted to sell tobacco or alcohol products to minors 18 years old or younger were online in 2017. Branches passed 100% of checks to ensure that tobacco and alcohol products were not being sold to minors 18 years old or younger.

Food products sold through PCSC stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include "Regulations on Good Hygiene Practice for Food", "Food Sanitation Standards", as well as other relevant laws issued by the Ministry of Health and Welfare. No fines were issued against PCSC in 2017 for violating any laws or regulations mentioned above.

### Product labeling

Honest labeling is our first promise to customers. PCSC requires all suppliers to sign a declaration of guarantee, stating that their product ingredients, production processes, labeling, and advertising all comply with the law. In accordance with "Privately Owned Product Labeling and Advertising Content Review", PCSC also checks its own privately owned products.

### Information Security Management

With advances in technology and shifts in consumer behavior, PCSC offers convenient services, like multifunctional digital services, including online stores, fund transfers (ibon/ibon APP), logistics (Delivery), and information flow (icash2.0/OPENPOINT), that touch the hearts of customers. PCSC, however, needs consumers to provide their personal data both in physical stores and on-line stores. To ensure consumer privacy, PCSC established a cross-departmental "Personal Information Protection Task Force" to regularly conduct personal information inventories, risk analysis, internal system evaluations, bulletin updates, education and training, and data disposal. We also developed mandatory online personal information training courses for employees at company headquarters and stores; the current implementation rate is 100%. In addition, to ensure the effective operation of the personal information protection mechanism, PCSC started external verifications in 2012. In 2014, PCSC received Taiwan Personal Information Protection and Administration System (TPIPAS) certification. In 2016, we applied for recertification and passed the audit, thereby successfully retaining certification. There were no privacy-related complaints or violations at PCSC in 2017.



## ibon WiFi Information Security Protection Upgrade Offers World-class Protection

According to National Communications Commission (NCC) statistics, 70% of Taiwan's 28.53 million telecommunications users need internet access, including 10 million that use unlimited internet access, underscoring the fact that many people still employ WiFi services to get online. 7-ELEVEN provides free WiFi and has accumulated more than 2.17 million members. An average of 7,000 members use the service every day. In addition, 7-ELEVEN sells ibon recharge cards for one day and one week as well as cards that provide certain numbers of hours to meet the needs of different customers. The convenience and immediate nature of these cards have made them indispensable for many. On the other hand, due to its convenience and public nature, public WiFi has hidden information security risks. In the event that a hacker hacks into or it is attacked digitally from the outside, it is very easy for user information to be stolen. In order to provide safer WiFi services, after a year of planning and preparation, ibon WiFi received international certification, including the ISO27001 Information Security Management System (ISMS) and the NCC ISO27011 supplementary audit form, from the British Standards Institution (BSI) in January 2017. On 22 February 2017, it received a charter and the standardization and internationalization of our information security management mechanism have served to effectively enhance our information security, so that we can provide customers safer service. This is a concrete example of PCSC fulfilling its commitment to service quality.



2

President Chain Store Corp. - Happy Products and Services

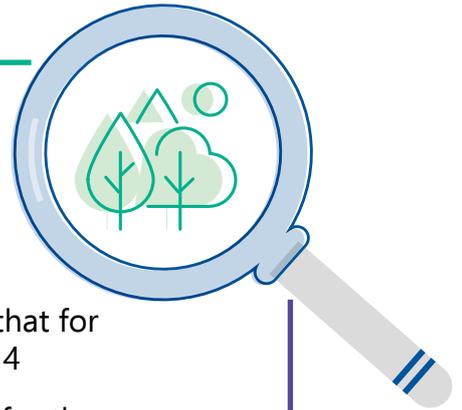


## Complaint Mechanism

PCSC established the Joint Services Center to serve as a communication channel for internal and external to make inquiries or lodge complaints regarding products and services through the Center's dedicated hotline and email inbox. When customers leave a complaint or suggestion with us, a case file is opened to ensure proper resolution. Only after the customer receives a satisfactory reply is the case file considered closed. In 2017, the online resolution rate was 89.2%.



# President Chain Store Corp.- A Happy Earth



## 2018 KPI

- Purchase energy-saving products certified with a Green Mark, accounting for **4.5%** of annual purchases
- Energy usage intensity (EUI) for retail locations **1%** lower than that for 2017, strive to reduce EUI by **2%** over 2017 and **8.5%** over 2014
- Power reduction, water reduction, and paper reduction targets for the headquarters building:
  1. Decrease headquarters (floors 2-11) EUI **0.5%** over the previous year
  2. Decrease water usage per person **0.5%** over the previous year
  3. Decrease paper usage per person **0.5%** over the previous year
- Incorporate electronic receipts into stores to reduce the use of paper receipts and the number of discarded blank receipts.
- Integrate a cumulative total of more than **223** of the newest environmentally friendly vehicles into the PCSC fleet by 2020, including 48 in 2018.

## 2017 KPI

- Purchase energy-saving products certified with a Green Mark so that they account for **4.5%** of annual purchases
- 3% EUI for retail locations **3%** lower than that for 2014
- Power reduction, water reduction, and paper reduction targets for the headquarters building:
  1. Decrease headquarters (floors 2-11) EUI **0.5%** from the previous year
  2. Decrease water usage per person **0.5%** from the previous year
  3. Decrease paper usage per person **0.5%** from the previous year

Percentage of target met

**100%**



## 2016 KPI

- Purchase energy-saving products certified with a Green Mark so that they account for **4%** of annual purchases
- EUI for retail locations **2%** lower than that for 2014
- Power reduction, water reduction, and paper reduction targets for the headquarters building:

Percentage of target met

**100%**

- 4. Decrease headquarters (floors 2-11) EUI **7%** from the previous year
- 5. Decrease water usage per person **0.5%** from the previous year
- 6. Decrease paper usage per person **1%** from the previous year

Percentage of target met

**100%**  
for electricity and paper;  
target for water not met

SDGs	SDG Target Details	2017 Efforts on SDGs
 <p>Responsible Consumption and Production</p>	<ul style="list-style-type: none"> <li>● By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</li> <li>● Promote public procurement practices that are sustainable, in accordance with national policies and priorities</li> </ul>	<ul style="list-style-type: none"> <li>● Utilize eco-friendly vehicles</li> <li>● Implement green accounting and green procurement systems</li> </ul>
 <p>Climate Action</p>	<ul style="list-style-type: none"> <li>● Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.</li> </ul>	<ul style="list-style-type: none"> <li>● Replace old equipment and upgrade equipment energy consumption, implement energy-savings plans, reduce energy usage intensity (EUI) at headquarters and stores.</li> </ul>



# 3.1 Green living through saving energy and reducing carbon

The time has come to take action regarding recent global climate change. With the implementation of the United Nations Framework Convention on Climate Change 21st Conference of the Parties (UNFCCC COP21) Paris Agreement, in order to realize their reduction commitments and to reach their reduction targets, countries around the world employed various methods, including voluntary action, the offering of incentives, and behavior made compulsory through legislation to motivate companies to improve their capabilities to mitigate and adapt to climate change. In order to minimize the impact of energy savings and carbon reductions on their organizations, while simultaneously maximizing the benefits, enterprises need to start the thinking about their own business activities and core capabilities.

Electricity is currently the primary energy source of both our headquarters and retail locations. In 2017, our headquarters and retail locations utilized a cumulative total of 817,000,000 kWh of electricity with retail locations using a total of 815,830,000 kWh, or 99.86% of the total. In 2017, the energy usage intensity of our headquarters and retail locations fell by 7.82% over 2014, far surpassing our target of 2%.

To deal with the impact of climate change, PCSC launched a series of low-carbon living and green recycling measures, offering consumers a quality environment and green products as we do our part for the environment through green operations and low-carbon marketing, while reducing environmental impact on our operations as we strive toward a future characterized by sustainable development.

## Headquarters

Through the setting of targets and performance indicators, our headquarters was able to continue to reduce its electricity, water, and paper usage, realizing 100% of its reduction targets in these areas for 2017. In addition to target management, PCSC took it upon itself to promote a variety of measures to raise awareness among employees. Energy reduction slogans were strategically posted throughout the building to instill this environmentally-friendly mindset in employees. Equipment on each floor was also monitored to keep track of hardware performance, so that any problems could immediately be solved, thereby greatly reducing energy expenditures.

Headquarters Electricity, Water, and Paper Reduction in 2017

Item	Measures taken	2017 Performance
 <p>Electricity Reduction</p>	<ul style="list-style-type: none"> <li>Complete replacement of VFD chillers.</li> <li>Building temperature set at 26 degrees.</li> <li>T8 light bulbs in offices replaced with LED lights.</li> </ul>	<p><b>Compared to 2016</b>            Electricity saved: <b>-84,623 kWh</b>            Cost saved: NT\$<b>767,739</b>            EUI per person: <b>-6.8%</b></p>
 <p>Water Reduction</p>	<ul style="list-style-type: none"> <li>Reduced water by adjusting faucet output to 450cc of water for every 10 seconds.</li> <li>Introduced new water saving urinal flushers</li> </ul>	<p><b>Compared to 2016</b>            Water saved: <b>149,000 L</b>            Cost saved: NT\$<b>14,032</b>            Water usage per person: <b>-2.5%</b></p>
 <p>Paper Reduction</p>	<ul style="list-style-type: none"> <li>Controlled amount of paper that could be requisitioned by each floor of building.</li> <li>Encouraged double-sided printing.</li> <li>Instructed employees in use of printers to reduce costs incurred by printing mistakes.</li> <li>Trained employees to use scan to mail functions, scanning, and digital fax/paperless functions.</li> </ul>	<p><b>Compared to 2016</b>            Cost saved: NT\$<b>8432</b>            Paper usage per person: <b>-4.7%</b></p>



In order to maintain the high quality of our products and to provide customers a comfortable shopping environment in our retail locations, PCSC emits almost 600,000 tons of greenhouse gasses each year. In order to reduce greenhouse emissions while maintaining the same service quality, we have drawn up energy savings guidelines for new retail locations, requiring new stores all use high energy efficient equipment systems. Existent retail locations are also gradually replacing their older equipment. In 2017, PCSC took part in the Ministry of Economic Affairs' "Energy Savings. Performance Contracts", thereby accelerating the speed by which existent stores were replacing equipment. In addition to upgrading equipment, the headquarters building and designated retail locations incorporated ISO 50001 energy management system to bolster their management methods. Making improvements to both equipment and management enabled PCSC to maximize its energy savings and carbon emissions efforts.

## ●●● Retail locations

With the approval of the Equipment Purchasing Committee, old equipment was replaced with high performance equipment at existing retail locations. Inverter water pressure systems, DC motor automatic doors, and windbreak rooms continued to be integrated at existing retail locations throughout 2017, saving 41,346,000 kWh and reduce carbon emissions by 21,872 metric tons per year. All new stores were required to incorporate building insulation, low energy signage, low energy lighting, outdoor energy reduction, systems with inverter technology, LED lighting, windbreak rooms, and indoor lighting management. In addition to replacing equipment with energy-saving models, employees at all retail locations underwent training on regular inspections of the air conditioning, rotary fans, lighting, refrigerators and freezers, and signage and windows following the "Retail Energy Reduction Checklist" in order to ensure optimal equipment performance.



## o 2017 Integration of Energy Saving Systems

Item	Qty (No. of machines)	Electricity saved (kWh)	Amount of carbon reduced (Tons of CO <sub>2</sub> e per year)	Cost saved (NT\$1000)
Replaced fixed speed air conditioners in retail stores with inverter air conditioners (RC/FC2)	2,698	930.00	11,781	49,884.4
Outdoor inverter central air conditioning units	20	930.00	93	394.0
Replaced 3 rows of lights in 3-foot horizontal signage with 2 rows of lights	1,023	269.50	1,393	5,897.5
Installed DC motor automatic doors	188	269.50	250	1,059.6
Introduced windbreak rooms	325	691.50	1,062	4,497.5
Installed of inverted U T5 lamps	866	129.50	517	2,189.4
Installed constant pressure inverter water pressure systems	1,086	18.75	103	435.8
New combination refrigerators	930	528.60	2,345	9,931.7
Installed inverters to independent combination refrigerator/freezers	2,601	287.00	4,328	18,325.5
Total			21,872	92,615.2

Note: Calculated in accordance with the 2016 grid emission factor of 0.529 (kilograms of CO<sub>2</sub>e/kWh)

## o Equipment reuse

PCSC established an Equipment Refurbishing Center. Equipment from renovated and closed retail locations is turned in, refurbished, and reused, reducing resource waste and waste generation. It has also helps decrease the amount of money spent on equipment purchases. In 2017, NT\$99,118,000 was saved through equipment reuse.

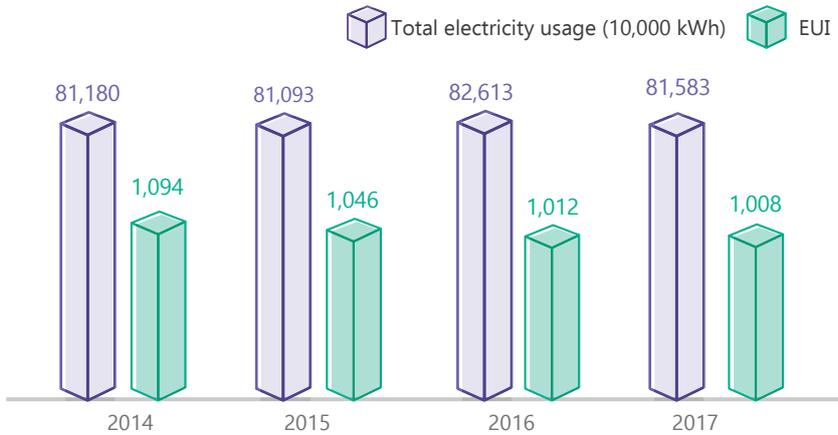
Equipment	Number refurbished and reused	Refurbishment costs	Money saved by not purchasing new equipment
25 types of equipment, including air conditioning, refrigeration, oden, and microwaves	3,238	NT\$10,379,000	NT\$99,118,000

Note: Refurbishing costs have been subtracted from "money saved by not purchasing new equipment" above.





## ○ Retail location electricity usage and EUI



Note: In 2017, the method for calculating EUI was amended as follows. Electricity consumption information from Taipower for each month is calculated by the average amount of electricity used per ping (1 square meter = 0.3025 ping) per month in each district, then the area of stores in each district that do not receive Taipower electricity bills is multiplied by the number of kWh used per ping to estimate electricity usage. The two figures are then added together to calculate the total kWh used in a given month. The EUI value is then determined by dividing that number by total floor area.

Energy usage intensity (EUI) is used as the performance index to continuously track the efficiency of electricity usage at retail locations; the EUI for 2017 was 1,008 kWh/m<sup>2</sup>, down 7.82% over 2014.

## ● Logistics companies

Retail Support International, Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corporation are responsible for centralized intake and inventory, shipping of room temperature, Fresh food, refrigerated, and frozen goods, publications, and electronic platforms. Retail Support International is in charge of the overall management of logistics vehicles, including monitoring gasoline usage, procurement of eco-friendly vehicles and labor-saving device (e.g., electric transportation carts), and logistics specialist training. A total of 11,684 kL of gasoline (diesel) was used for shipments in 2017. Gasoline consumption increased by 5.49%, but the average carbon emissions per logistics vehicle was 2,191.54 kilograms, 0.1% less than 2016.

### ○ Diesel consumption

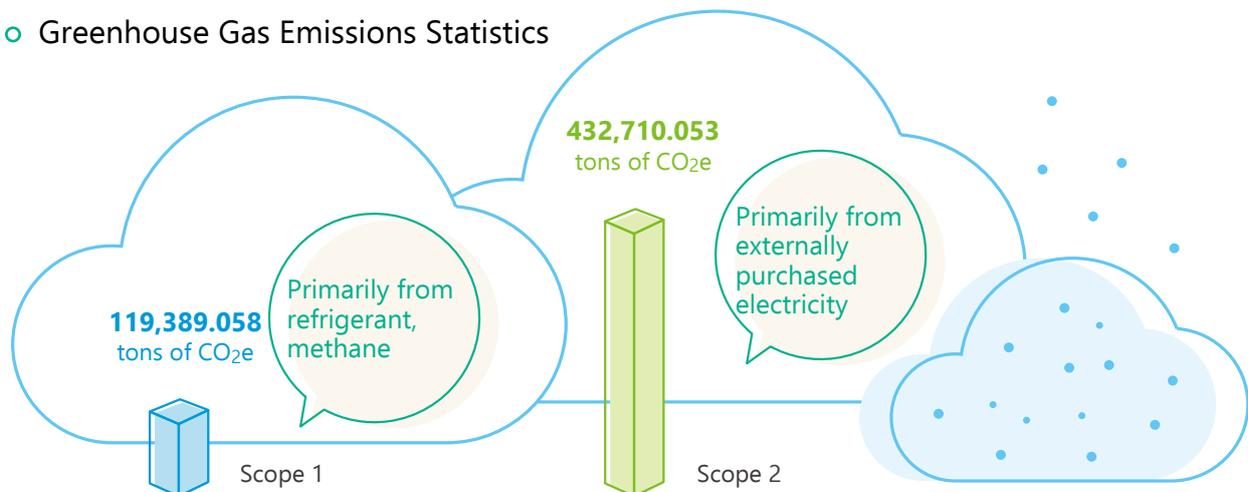


## Greenhouse gas inventory

PCSC has continued to manage its carbon emissions. In 2017, it implemented the ISO 14064-1 third-party verification, increasing the credibility of its emissions data, while keeping tabs of its internal greenhouse emissions information, processes, and data management methods. A total of 552,099.111 tons equivalent carbon dioxide (CO<sub>2</sub>e) of greenhouse gases were calculated in the 2017 investigation; 73.38% of emissions were Scope 2 emissions caused by electricity use. Scope 1 emissions accounted for 21.62% of emissions caused mainly by refrigerant gas leaks from refrigeration, freezer, and air conditioning equipment at retail locations.

In addition, PCSC carried out Scope 3 inventory and disclosure and according to the total fuel consumption of logistics distribution and transport, emissions stood at 30,966.515 tons of CO<sub>2</sub>e.

### Greenhouse Gas Emissions Statistics



Note 1: Organizational boundaries include headquarters, regional offices, the training center, retail locations, and shopping centers.

Note 2: The grid emission factors for 2017 had not been released yet, so the above data was calculated in accordance with the 2016 grid emission factor of 0.529 (kilograms of CO<sub>2</sub>e/kWh).

Note 3: The scope of verification includes only Scopes 1 and 2.

## Other measures for reducing logistics energy use and emissions

With the ever-increasing number of retail locations across Taiwan and variety of services provided in 2017, logistics activity has also increased. In order to safely and securely ship products to each retail store as quickly as possible, companies that provide transportation services for us have bolstered their information management systems and standard procedures, aiming to ensure that logistics personnel and vehicles operate at maximum efficiency. For instance, the incorporation of mobile management apps, audiovisual logistics SOP files, President Tokyo Corporation maintenance systems, and operations management systems have helped standardize all aspects of shipping and ensure safe vehicle operation.

President Chain Store Corporation boasts long-term cooperation with affiliated logistics companies and has used various ways to significantly increase logistics efficiency while saving energy and reducing carbon dioxide emissions. President Logistics International, the affiliated company in charge of managing logistics vehicles, began integrating eco-friendly vehicles in 2015 and aims to replace older models (those that met 3rd Stage and 4th Stage Emission Standards) with the newest 5th Stage vehicles by 2020. With the ultimate goal of replacing 223 vehicles and the 2017 goal of introducing 40 vehicles that meet the latest emission standards, this year, a total of 54 3rd Stage vehicles and 41 4th Stage vehicles have been replaced. Target achievement rate was 238%. Exchanging these 95 older models reduced carbon monoxide emissions by 3.77 tons (59.4 kg per 3rd Stage vehicle and 13.71 kg per 4th Stage vehicle) for a fixed asset cost of NT\$254,600,000.



○ Vehicle systems

President Logistics International established the Digital Mobile Surveillance Center in 2012 and co-developed an exclusive vehicle system with Chunghwa Telecom. This system performs dynamic management of logistics vehicles by utilizing GPS/GPRS technology to determine the real-time position of all vehicles as well as road and cargo conditions. The data from each vehicle was used to reduce traffic risk and ensure pedestrian safety. The successful application of safety data regarding speeding and rapid deceleration this year effectively controlled various risk factors and generated improvements, ensuring each logistics specialist maintains safe and healthy driving habits. Using breathalyzer tests and attendance records, PCSC was able to monitor whether logistics personnel turned up for work. In addition to eradicating driving while under the influence of alcohol, we were able to keep tabs of the number of hours that logistics personnel worked and the number of days that they turned up for work, thereby creating a good work environment and satisfying social expectations.

○ Testing hybrid vehicles

Faced with increasing fuel costs, PCSC tested hybrid vehicles. We currently have two hybrid logistics vehicles in Taiwan. They can save a maximum of 10-20% in fuel over similar model diesel vehicles, but hybrids have higher costs than typical diesel vehicles and fuel prices are currently not extremely high, so we will continue to test hybrids and observe the results.



○ Replacing cardboard boxes with pallets and plastic containers

Long-term use of pallets and plastic containers can replace the use of cardboard boxes and help the environment. In 2017, 1,627,531 pallets were used, a 1% decrease from 2016, and 10,230,367 plastic containers were used, a decrease of 8% compared to 2016.

Year	Shipping pallets	Plastic logistics containers
2017	1,627,531	10,230,367
2016	1,641,429	11,064,696
Percentage increase	-1.00%	-8.00%

○ The results of office and DC power saving measures

1. Additional circulating fans were installed in office and air conditioning timers are used to automatically turn off air conditioning at the end of the work day.
2. Window curtains were installed in conference rooms to block direct sunlight in order to reduce air conditioning workloads.
3. Lighting devices that turn on and off automatically were installed in headquarters restrooms and refreshment areas. Energy-wasting light bulbs in the cafeteria, classrooms, and stairwells were replaced with energy saving light bulbs and expired fluorescent light bulbs are regularly replaced to maintain optimal brightness while saving energy.
4. Digitalization of documents (purchase orders, business travel applications) and payroll sheets, management of work-related paper usage, encouraging doubled-sided printing.
5. In 2017, PCSC's total DC power consumption was 5,199,997 kWh, 459,726 kWh less than 2016's 5,659,723 kWh, down 8.1%, reducing approximately 293 tons of carbon emissions [0.638 (kilograms of CO<sub>2</sub>/kWh) × -459,726].
6. In 2017, PCSC's total DC water usage was 24,555,000 liters, 872,000 liters more than 2016's 23,683,000 liters, an increase of 3.7%. This represents an approximate increase of 136 kilograms of carbon emissions [0.156 × (kilograms of CO<sub>2</sub>/1,000 liters) + 872].



○ Replacing cardboard boxes with plastic shipping containers

All products are moved from supplier to DC warehouse and to their final retail location in plastic containers, eliminating the need for cardboard boxes, reducing the amount of waste generated from packaging. A total of 59,045,725 plastic containers were used in 2017—a 0.99% increase from 2016.

UPCC	Refrigerated containers	Freezer containers	Fresh food containers	Bread containers	Total plastic logistics containers
2017	39,165,406	3,691,074	7,153,347	9,035,898	59,045,725
2016	37,623,179	3,930,814	6,853,257	10,058,737	58,465,987
Percentage increase	4.10%	-6.10%	4.38%	-10.17%	0.99%

○ Initial shipment consolidation

With shipment consolidation, the transportation process is extended to receiving shipments from suppliers in order to control quality and to ensure the safety of perishable foods. In 2017, PCSC integrated the transfer operations of UPCC (Yingge) DC, UPCC (Nuannuan) DC, and UPCC (Chiayi) DC. By integrating operations and product shipments, reassigning transportation companies, and combining regional deliveries, PCSC reduced delivery vehicle mileage by 201 kilometers per day or 76,650 kilometers per year.

○ Money-saving logistics container cleaning equipment

UPCC Beidou refrigerated delivery operations were incorporated into the Taichung Distributions Center’s refrigerated operations. PCSC took this opportunity to upgrade to more power saving container cleaning equipment. The hot air generated from the steam was originally used to dry containers after they were washed. The new equipment removes water using centrifugal force. This new method reduces the amount of steam produced and it is no longer necessary to produce cold to reduce the temperature of empty containers. After upgrading the equipment in March of 2017, natural gas usage was reduced by 17,163 cubic meters over the same period in 2016. It is expected that the new method can reduce natural gas usage by approximately 20,000 cubic meters annually.





○ Replacing cardboard boxes with pallets and plastic containers

Wooden pallets are used to bring shipments from suppliers into the Wisdom Distribution Service warehouse. Plastic pallets are used and reused for all transportation within the warehouse, product storage, and shipments. Shipments to retail locations replace cardboard boxes with plastic containers; a total of 21,677,232 plastic containers were used in 2017, 44% more than used in 2016.

All shipments mainly utilize plastic logistics containers with the exception of terminals and retail locations on outlying islands due to their volume restrictions and excessive number of packages.

○ Warehouse energy-saving measures

The Wisdom Distribution Service Corporation Shulin Distribution Center integrated an energy service system (ESCO), installing an inverter for the cold water pump and water tower fan and installing a flow meter detector on the cold water pipes. A total of 14,800 kWh was saved in 2017.

Inverter control



Cold water flow meter detector



○ Paper recycling equipment

The Wisdom Distribution Service Corporation now has two-phase automated paper compacting equipment. Cardboard boxes can be discarded from any floor using the chute. The addition of paper recycling equipment greatly improved work efficiency and reduced the number of man-hours by approximately 10 hours (600 minutes) per day, saving NT\$1,321,000 each year.

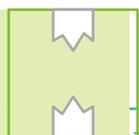
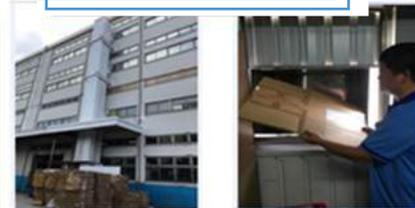
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### ○ Outstanding Logistics Specialist Ceremony

Over 600 logistics personnel have received commendations in the 10 Outstanding Logistics Specialist Ceremonies that PCSC has held over the years. During the ceremony held last year, 72 outstanding logistics specialists were recognized, including four who were recognized as Exemplary Logistics Specialists, i.e., logistics specialists who have been awarded three times.

Outstanding logistics personnel are selected from among the 1,933 logistics personnel employed at 40 distribution centers under four different companies, including President Logistics International, Retail Support International, UPCC, and Wisdom Distribution Service Corporation. Selection criteria are very rigorous. Successful candidates must have at least one year's experience on the job and have to be recommended by their units. They and their vehicles have to meet logistics management standards. They must meet vehicle safety and delivery punctuality standards. Other criteria include accumulated annual assessments of a certain level and no customer complaints or serious infractions for the entire year. Only 4% qualify for awards.

It is hoped that logistics specialists who have been recognized will produce a virtuous cycle by bringing their good attitude back to their place of work and influencing those around them, thereby further improving service quality.



## 3.2 Recycling together

To make it convenient for the public to recycle discarded information technology items, in 2010, PCSC began accepting old dry cell batteries, laptop computers, CDs, cell phones, and portable/dock chargers at 7-ELEVEN locations for recycling and gave out vouchers to encourage customers to recycle unused and unwanted electronics. The ICT products and peripherals recycling program has had great success since its inception. PCSC also began recycling empty commercial-use milk bottles, recycling a total of 4,321,050 bottles in 2017.



### ○ Recycling performance at retail locations

Total	2017	2016	2015	2014
Empty bottles used at retail locations recycled	4,321,050	4,217,445	4,131,855	4,069,455
Dry cell batteries recycled	14,759,587	14,599,781	13,853,167	12,870,280
CDs recycled	3,200,934	3,334,670	3,398,014	3,474,964
Portable/dock chargers recycled	74,132	79,294	89,874	103,957
Cell phone recycled	92,682	83,789	81,462	79,624
Laptop computers recycled	7,766	6,249	4,944	4,530



### ○ Logistics companies recycling performance

Item	Retail Support International	UPCC	Wisdom Distribution Service Corporation
Plastic (kilograms)	487,241	44,154	32,838
Dry batteries (kilograms)	264,202	0	0
Paper and paper containers (kilograms)	4,425,596	2,709,605	1,251,624
IT products (units)	227,918	0	0
Metal (kilograms)	4,911	42,256	3,195
Glass (kilograms)	10,544	0	0
Other (rubbish, kitchen waste, etc.) (kilograms)	22,760	0	0

Note: IT items include CDs, mobile phones and batteries, and notebook computers.

## 3.3 Green accounting and green procurement

### Green accounting

PCSC upholds its corporate social responsibility by providing consumers with safe products and innovative services and striving to save energy and reduce carbon in order to create environmentally friendly lifestyles. PCSC uses its green accounting system to track overall investment performance. Overall environmental expenditures for 2017 are shown below.

In 2017, PCSC spent a total of NT\$900 million in various asset investments and other expenditures aimed at protecting the environment, including:



- (1) NT\$200 million on environmentally friendly packaging and inspections.
- (2) NT\$77 million on expenditures aimed at saving energy and reducing carbon emissions at branch stores and buying and installing inverters.
- (3) NT\$360 million on cleaning and greening the environment and disposing of discarded items.
- (4) NT\$200 million on equipment to protect the environment and green procurement at retail locations.
- (5) NT\$81 million on promoting environmental protection aimed both at personnel in the company and the general public as well as on charity activities. Other ongoing initiatives include more advanced food safety management, plasticizers and pesticide testing, reduced paper use, recycling at stores, and organizing Good Neighbor Club activities.



○ Green accounting items

Category	Item	Description	Environmental impact	Investment (NT\$1,000)	Cost (NT\$1,000)	Total (NT\$1,000)
 Products	Products for sale use environmentally-friendly packaging; inspection of food products	Purchased environmentally-friendly packaging: PLA and coffee cup rack. No preservatives or additives in food products; testing for traces of agriculture chemicals.	Recognized impact on health and the environment and helping to protect consumer health.		196,607	196,607
 Retail locations	Energy saving measures	Purchased energy saving equipment: 369 power saving units, 302 a/c circulating fans, 915 inverter a/c units, 8,234 LED energy saving lights, 3,913 LED lighting fixtures, and 931 Slurpee machines that turn off/sleep during off seasons.	Saved energy and reduce carbon emissions.	75,098	1,604	76,702
	Cleaning and trash removal	Cleaned retail locations, introduced green technologies, and removed/recycled trash.	Maintained a clean environment.		361,671	361,671
	Extend lifespan of equipment and building materials	Installed 539 steel countertops, equipment was recycled and prepared for reuse.	Reduced the amount of trees cut down and the amount of wasted resources	87,015	23,841	110,856
	Green procurement	Purchased energy saving equipment and environmentally- friendly paper and building materials. Promoted e-receipts.	Met European standards, FCS certification, save electricity, and reduce carbon emissions		82,543	82,543
 Shipping	President Logistics International Corp., Retail Support International, and Wisdom Distribution Service Corporation combined to create a reverse logistics system, improve shipping efficiency, and recycle resources	Investment in reverse logistics recycling work force and equipment.	Recycled at retail locations: 263 tons of dry cell batteries, 57 tons of CDs, 7,000 laptop computers, 90,000 cell phones, 70,000 phone chargers.		3,035	3,035
 Internal environmental education	Promotion of environmental education and office recycling	Promoted paper reduction in the office, cleaning and greening the environment, and recycling.	Recycled at offices: 2,064 kg plastic bottles, 10,586 kg paper, and 496 kg aluminum cans.		31,281	31,281
 Social contributions	Organize or attend events beneficial to the environment and society	Promoted saving energy, not wasting, and corporate social responsibility, sponsored environment related organizations.	PCSC placed "Bring Back the Love" donation boxes in stores to help more charity organizations. This year, PCSC set up encouragement walls, ingenious interactive walls that encourage the public to donate to worthy causes. They have stimulated a great deal of conversation.		50,132	50,132
Total				162,113	750,714	912,827

## Green procurement

President Chain Store Corporation continues to engage in green procurement, purchasing an ever-increasing variety of products, with green purchases making up 12% of overall procurement in 2017. In 2017, NT\$580,245,000 was spent on lighting and energy-saving air conditioners for retail locations and NT\$40,788,000 was spent on FSC certified office paper.

### ○ 2017 Green procurement items and costs

Item no.	Purchased item	Qty	Cost (NT\$1,000)	Green Mark/Green certification
1	Inverter air conditioner	915	38,112	Energy Label
2	LCD screen	171	3,857	Energy Star
3	Computer	14	247	Green Mark
4	Uninterruptible power supplies	139	1,487	RoHS
5	Coffee and teapresso machines	1278	355,908	RoHS
6	Scanners	9	32	RoHS
7	Energy saving devices	369	30,996	Declaration of Conformity
8	Laser printers	160	619	Green Mark
9	Thermal printers	6	40	Green Mark
10	Environmentally friendly packaging for retail locations, including PLA coffee cups, soft serve/Slurpee cups, and shopping bags	113,751,651	62,346	Green Mark
11	OURS Magazine	12	261	FSC certification
12	LED light fixtures	3,913	3,390	Energy Label
13	Green building material	12,14	36,888	Green Building Material
14	Circulation fan	302	756	Energy Label
15	LED tubes/bulbs	8,234	1,844	Energy Label
16	Copy paper	58,165 reams	2,935	PAPER STAR Certificate for the Use of Product Carbon-Footprint Label
17	Stir sticks	467,416 packages	7,410	FSC certification
18	Disposable chopsticks	911,784 bags (100 ct)	33,117	FSC certification
Total			580,245	

## 3.4 Legal compliance

No actions that violated environmental law and resulted in fines from competent authorities were recorded in 2017.



# 04



## President Chain Store Corp.- Good Neighbor

### 2018 KPI

- To organize **15,000** Good Neighbor Funfests with over 300,000 participants
- To raise NT\$**170M** in spare change donations at retail stores

### 2017 KPI

- Organized **7,000** Good Neighbor Funfests with over **175,000** participants
- Raised NT\$**166M** in spare change donations at retail stores

### 2016 KPI

- Held **2,300** Good Neighbor Funfests with over **115,000** participants
- Raised NT\$**165M** in spare change donations at retail stores



% of Target Reached

100%

% of Target Reached

100%

We have never wavered in our mission to become an irreplaceable Good Neighbor that infuses the entire community with happiness and a sense of trust. PCSC has brought about a retail revolution and branched out into both busy thoroughfares and quiet lanes, building a closer connection—an emotional connection—with local residents in their day-to-day lives. We have utilized the PCSC core competencies to distribute corporate resources effectively to all corners of society. Operating within the community allows us to better understand the needs of local residents and to earn their trust and good will. Through our more than 5,200 stores, PCSC has truly become a good neighbor with communities throughout Taiwan.



## 4.1 PCSC Good Neighbor Foundation

In 1999, PCSC established The Good Neighbor Foundation with donations in Taiwan where it has been developing the market for almost 20 years, coupling its retail sales channels and operational know-how with its store locations all over Taiwan to incorporating community management and concern into its assistance network. The Good Neighbor Foundation is focused on serving members of the community and sponsoring activities that promote healthy living, environmental protection, caring for the less fortunate, and those living in rural areas. All this is undertaken with the aim of creating a better quality of leisure life for the community. PCSC sets aside nearly 70,000 people from our retail stores and a budget of over NT\$10 million each year to recreate the traditional ma and pa grocery store atmosphere to help make 7-ELEVEN everybody's good neighbor.

The Good Neighbor Foundation is currently engaged in charity events that include Good Neighbor Funfests, Good Neighbor Study Incentive Program, and 7-ELEVEN Millenium Health Stations, providing services such as measuring blood pressure and waistline.

### Good Neighbor Funfests

In 2009, the Good Neighbor Foundation began sponsoring Good Neighbor Funfests to draw local residents closer together through various organized activities. This interaction bolsters the collective resolve of residents to improve their communities, helps them rekindle the simple yet sweet kindness intrinsic to Taiwan, and even facilitates the bridging of distances between people, ultimately adding a touch of warmth and compassion to the greater society. Good Neighbor Funfests have been working on four central themes: parent-child interaction, caring for the disadvantaged, education, and healthy and environmentally-friendly lifestyles. To date, over 30,000 FunFests of varying themes attracting over one million participants have been held. In 2017, an unprecedented 12,000 events organized directly by branch stores were held, making these the most popular parent-child activities in Taiwan.

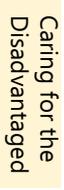
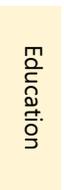
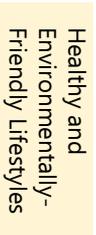
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President Chain Store Corp. - Good Neighbor

#### ○ Number of Good Neighbor Funfest Events and Participants by Year:



## ○ Overview of 2017 Good Neighbor Funfest Events

	Event theme	Event description	Name of event	Number of events	Percentage of Total Number of Events
		Strengthen communal ties by appealing to residents' emotional connection to their neighborhood so that they reach out to disadvantaged neighbors and become more involved in neighborhood matters	Forever Young Store Manager OPEN! Cares Health Promotion Stations Blood drives	<b>366</b>	<b>3%</b>
		Invite parents and their children to 7-ELEVEN stores to celebrate holidays and spend quality time together in order to strengthen family bonds	Drawing contest DIY Creative Cake Workshop DIY Cooking Workshop	<b>3,630</b>	<b>30%</b>
		Allow residents to experience the social value of serving the community; promote learning through play	Mini-Manager Good Neighbor Classrooms (English, math, etc.)	<b>5,812</b>	<b>48.1%</b>
		Urge stores and local residents to recognize the importance of local environmental issues and health concerns so that environmental consciousness and healthy habits are incorporated into daily life	Health exam challenge Hepatitis and dementia screenings Recycling tutorials Community clean-ups DIY Coffee grounds Recycling DIY Mini Farmers	<b>2,279</b>	<b>18.9%</b>
<b>Total</b>				<b>12,087</b>	<b>100%</b>

## ◆ Good Neighbor Support for Rural Education

According to Ministry of Education statistics from 2016, there were 880 primary and secondary schools in remote areas around Taiwan with most in Pingdong, Taidong, and Tainan. While Taiwan has a surplus of primary and secondary school teachers, schools in remote areas have a difficult time finding teachers willing to work there. The uneven distribution of education resources has made it necessary for almost 90% of remote-area schools to utilize external resources to promote reading and recruit reading teachers. With this in mind, the Good Neighbor Foundation donates money for teachers to Teach for Taiwan each year. In addition, in 30 primary schools in remote areas in Yunlin, Tainan, Pingdong, Kaohsiung, Hualian, and Taidong, it has set up a Points for Reading program which encourage students to read by giving them points for reading books and then allowing them to turn in the points for food. As of 2017, students in remote elementary schools accumulated over 68,000 points for reading and wrote 7,916 essays sharing what they learned from the books they read. Findings show that reading almost 70,000 books has helped students to grow, to broaden their horizons, and to increase the chance that they will be able to change their lives for the better.



### Finding qualified teachers for remote-area schools:

Remote schools don't necessarily lack materials, but attracting individuals qualified to instruct and work with students has been a major issue for schools in remote areas. The Good Neighbor Foundation and Teach for Taiwan began working together in 2014 to resolve this problem by providing the funds needed to train and pay teachers in 30 elementary schools in remote areas in Tainan and Taidong. 2017 marks the fourth year of this endeavor and has seen almost 100 teachers devote themselves to teaching in remote areas.



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Providing diverse teaching resources to schools in remote areas and giving students motivation to study:

The Good Neighbor Foundation provided funds to help build a library for the Jiasian Elementary School in the wake of the flooding caused by Typhoon Morakot to provide students reading resources. It was noted that children enjoyed visiting convenience stores, so teachers are encouraged to apply to use the "Good Neighbor Classrooms" in remote-area branches to hold classes on such subjects as math, English, and art. The Good Neighbor Foundation is also working with 30 primary schools in remote areas, offering Points for Reading Programs, integrating convenience store resources. Students can exchange points accumulated for reading books or writing essays for such incentives as food or product cards at the branch locations.

### Good Neighbor Support for Rural Education: Good Neighbor Classrooms

We encourage teachers to teach creatively and to use our stores as extramural learning environments where learning and fun go hand-in-hand, enhancing students' motivation to learn. We care about students and hope that as a result of our partnerships with local schools, learning will take place not only in the classroom but also through various educational opportunities presented by different real-world circumstances and venues. Since its introduction, our program has hosted a total of 64 sessions, with the two most common themes being first math and then social studies.



### Good Neighbor Classroom Achievements:

Partner school  
**Tainan Longqi Elementary School**

Partner branch  
**7-ELEVEN Dingfu Branch**

Topics taught  
**Arithmetic and life**

Students taught  
**First and second graders**



Activity name

### Math and Life

First and second graders from Tainan Longqi Elementary School were taught to add, subtract, and multiply whole numbers by teachers in a 7-ELEVEN branch location. They were also taught to solve two-step problems in real-world situations. Branch employees showed them around the store, let them experience product restocking, and taught them about product information. Then students were split up into small groups and allowed to choose products below NT\$150. They were then taught to calculate how much they had to pay and then they went to the checkout counter to take turns checking each other out. This diversified learning activity helped familiarize students with how arithmetic is applied to real life and how stores operate.

## Promoting Points for Reading Program

PCSC promote a Points for Reading program in 30 elementary schools in remote areas, taking advantage of its convenience store resources. Students receive one point for reading books approved by teachers. After accumulating 40 points, they can go to participating 7-ELEVEN locations and exchange the 40 points for food worth up to NT\$60. They are not allowed to exchange it for candy, alcoholic beverages, or carbonated beverages. Students can also write and submit essays that are shown on the Foundation's official website. Students who submit four or more essays in a month and the class that accumulates the most submitted essays over the course of a semester are given 7-ELEVEN product cards as a reward.



By promoting reading, PCSC has helped motivate students in remote areas to study and indirectly accelerate their language skills. Let's take Lin, a Longqi Elementary School fifth grader, as an example. Because her mother works late, her grandmother takes care of her much of the time. Lin used to spend most of her leisure time on her cell phone, but since her school started promoting the Points for Reading program, she has been applying herself to reading more than her classmates to accumulate points, improving her language skills in the process. The Good Neighbor Foundation hopes to improve education in remote areas, encouraging students to see the world through the books they read and to give them hope for their future in the process.



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PCSC is dedicated to encouraging children to apply themselves to reading and to supporting reading in remote areas. Following in the steps of the moving story entitled "Bridge Over Troubled Water" shown in 2012, in 2017, the Good Neighbor Foundation collaborated with the makers of the film "Turn Around" which was shown in the Tainan's Ambassador Cinema in a free public showing. Teachers and students from three elementary schools in remote areas in Tainan were invited to see the movie which is based on the true story of Wang Zhengzhong, a teacher from Shuangwen Junior High School who received the SUPER Teacher Award, the POWER Teacher Award, and the National Excellent Teacher Award. It describes his experience as a teacher assigned to internship at Shuangwen Junior High. Tempted to give up teaching there and return to the city to teach, he found himself being pulled back following the devastation of the 921 Earthquake that hit the area hard. As a result, he has dedicated his life to teaching in remote areas where he has been teaching for 21 years, using special teaching methods that have overturned methods traditionally used in remote areas. The movie shows students that education is the key to turning one's life around.



In 2018, PCSC is continuing its Good Neighbor programs to encourage students to study. It is expected that nearly 3,700 students in over 35 schools in rural areas will take part in the Points for Reading program, increasing their motivation to study while they accumulate points that can be exchanged for 7-ELEVEN product cards. PCSC is also expanding its Good Neighbor Classrooms program as it encourages schools to use its store locations as off-campus learning venues. It urges teachers and students alike to take advantage of these classrooms, so that students in remote areas can enjoy a larger diversity of educational resources.

### OPEN! Children's Reading Room



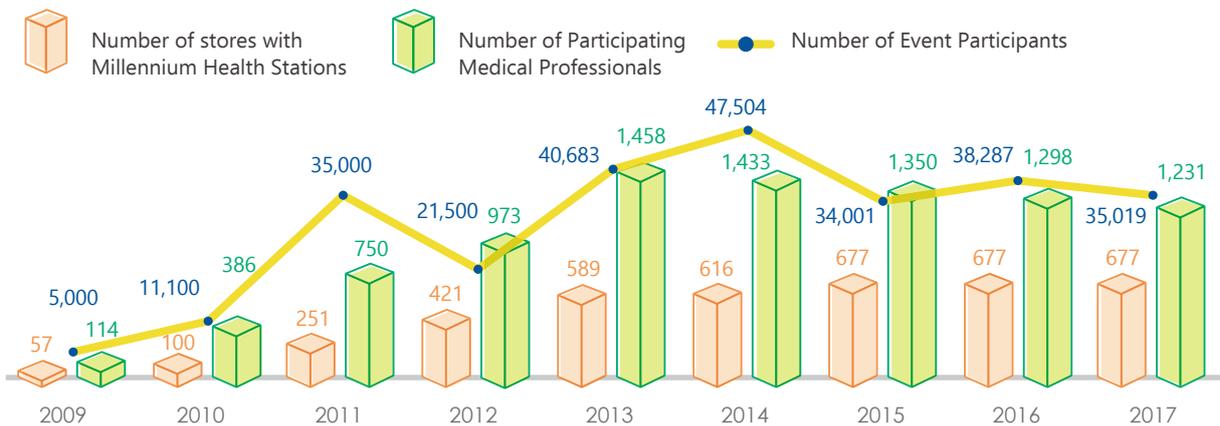
In 2016, the first retail location in Taiwan to jointly operate as an OPEN! Children's Reading Room was established, providing a comfortable environment for discussing homework after school, creating even more added value for the community and students in the process. The OPEN! Children's Reading Room has helped 7-ELEVEN better meet the needs of the community as well as encourage reading within the community, proving that we are a good neighbor not just in name but also in deed. As of the end of December 2017, PCSC has set up 107 OPEN! Children's Reading Rooms around Taiwan.



## 7-ELEVEN Millennium Health Stations

Since 2009, the Good Neighbor Foundation has collaborated with the Millennium Health Foundation to establish Millennium Health Stations at select 7-ELEVEN stores. At present, there are Millennium Health Stations distributed among 677 stores across Taiwan, creating a presence that extends even to the outlying islands of Penghu, Kinmen, and Matsu. At such stations, members of the community can measure their blood pressure and waistline. A yearly national health exam event is also sponsored, during which the public is encouraged to implement the 3Ds—Do Control, Do Health Diet, Do Exercise—in their daily lives so as to ward off the “three highs” (high blood pressure, high blood sugar, and high cholesterol) and to fight against metabolic syndrome. Since the health stations were first set up, it is estimated that over 23.65 million people have visited them to measure their blood pressure. In October 2015, the Millennium Health Foundation launched the Millennium iHealth ibon app, which enables those who monitor their health at the health stations or at home to keep track of their daily blood pressure, which is then automatically converted by the app into a diagram that can be printed from the ibon machine of any 7-ELEVEN store and given to doctors for reference. Since it went online, the app has accumulated almost 23,000 users and a total of more than 143,000 records.

### Millennium Health Station Event Performance By Year



### May 20 National Health Day, measure your mom's blood pressure at 7-ELEVEN

According to a 2013-2015 survey on changes in nutrition and health in Taiwan conducted by the Health Promotion Administration, less than 10% of women under the age of 50 have high blood, but that number jumps to 28.5% for women in the 50-59 age bracket. What's more, that upward trend continues as women get older, so it is important to measure blood pressure on a regular basis. In 2017, we organized the May 20 National Health Day in collaboration with the Taiwan Millennium Health Foundation, inviting the people of Taiwan to bring their moms to a 7-ELEVEN location to measure their blood pressure. 35,000 people had their blood pressure measured that day at one of our Millennium Health Stations. After all, isn't good health the best Mother's Day gift? That May, we also organized 150 Mother's Day events in store locations around Taiwan, including activities to show concern for health or others with our “Little Shop Managers” to encourage interaction with mothers. The purpose of these events is to impart health information in the hope that people live happier, healthier lives.





## 4.2 Highlighting the idea that 7-ELEVEN offers satisfaction

We have sought to expand our potential as a conduit of philanthropic services. In order to stimulate social awareness and enthusiasm for philanthropy, we have created several different platforms for charitable donation, including in-store spare change donation and ibon electronic donation. We believe that if we come together as a society, care for our neighbors in need, we can inspire a feeling of happiness unique to 7-ELEVEN through close, diverse interactions with the community, making great strides toward the goals of eliminating poverty, alleviating hunger, and reducing inequalities, as set forth by the United Nations.

### Happiness shining light into every corner - In-store Spare Change Donations

Adhering to the principle that charity is not a single good deed, but a lifestyle, we launched the "Bring Back the Love" charity campaign in 1988. We have set up over 5,200 in-store donation boxes so that compassion, just like our stores, would never close up for the night and that across Taiwan compassionate giving would be "Always Open!" We encourage customers to donate spare change and to adopt charitable lifestyles.

In 2017, we raised over NT\$169 million in spare change donations, reflecting a 5% increase from the previous year and donated these funds to five charities: the Pingtung Christian Hospital, Liver Disease Prevention & Treatment Research Foundation, Sister of Our Lady of China Catholic Charity Social Welfare Foundation, the Mennonite Social Welfare Foundation, and A Kernel of Wheat Foundation. In order to guarantee that community donations reach the intended parties, we carefully screen all partner organizations and employ a team of almost 1,000 to keep track of monthly donations. All matters regarding transfers of funds and financial accounts are handled with transparency and all necessary measures are taken to earn and maintain the public's trust. As a result, the public can be assured that their generosity is going to a good cause.

Starting four years ago, when proceeds from the "Bring Back the Love" spare change fundraising campaign first outstripped those of all other corporate campaigns, we fixed our attention on the coming "wave of the elderly." We linked up with the aforementioned charities to help with, among other initiatives, rural dementia prevention and care, rural hepatitis screening, liver disease prevention and treatment, the elderly serving as caregivers for the elderly, and meal-delivery for solitary East Coast elders. We emphasize innovation in philanthropy and draw on 7-ELEVEN retail resources in all action plans.



○ 2017 Fundraising Results

1.1~3.31

Early dementia awareness to help the rural residents recognize the symptoms of dementia so that they can seek proper treatment as early as possible (Pingtung Christian Hospital)

**44,634**  
Funds Raised  
(in NT\$1,000)

- ♥ Continuing our work with the Pingtung Christian Hospital on the Dementia Prevention Program:  
We focus on rural dementia prevention and care. Following a three-step dementia care model—prevent, detect, and care—which brings together the resources of 7-ELEVEN stores, the Good Neighbor Foundation, and the Pingtung Children’s Hospital, establishing a dementia safety net.
- ♥ We circulate dementia-related health information through Good Neighbor Health Classes and mobile services. Provide materials entitled “Contact Information for Life” to show children how to take care of their elders on a daily basis to enable them to detect the signs of dementia as soon as possible.
- ♥ We have set up Brain Health Measurement Stations at certain Pingtung 7-ELEVEN stores and at different spots in the community. We also set up “Love Transfer Points” to make it easier for the elderly to seek medical attention.



4.1~6.30

Save the Liver  
(Liver Disease Prevention & Treatment Research Foundation)

**41,428**  
Funds Raised  
(in NT\$1,000)



- ♥ Continue to promote liver screening and in addition to introducing abdominal ultrasound, PCSC set up the Liver Disease Prevention and Treatment Program, employing the concept of “health steward” in which individuals are charged with following up regularly with patients found to need treatment during liver screening to improve the rates patients see their doctors and receive medical treatment. This is a new model for following up on liver diseases in rural areas.
- ♥ From 2014 on, after using select 7-ELEVEN stores as rural liver screening stations, there has been a highly significant increase, of more than 20% each year, in screening participants and events. In 2016, We completed our liver screening tour of 164 towns three years earlier than planned.

7.1~9.30

Helping the elderly serve as caregivers for the elderly  
( Sister of Our Lady of China Catholic Charity Social Welfare Foundation)

**43,319**  
Funds Raised  
(in NT\$1,000)

- ♥ PCSC worked for the first time with the Sisters of Our Lady of China Foundation in Chiayi, the area in Taiwan with the most severe aging issue, in four major ways, including home service, community care, caring for caregivers, and dementia friendly environments. Together we promoted the concept of the elderly serving as caregivers for the elderly in families with victims with dementia, creating a community and local neighborhood care network to assist elderly individuals that have to take on the heavy responsibility of caring for another.
- ♥ Drawing a lesson from Japan and nations in Europe to provide senior citizens with dementia with a safe place to socialize. Situated in our branch locations, our “What Time Is It? Cafés” offer such dementia friendly surroundings





## 10.1~12.31

Eat Well - is a program that allows the elderly in remote areas to truly eat well (Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation)

# 40,176

Funds Raised  
(in NT\$1,000)



- ♥ This program is directed at elderly individuals in the remotest areas where transportation is a real issue, like Xiulin and Shoufeng Townships and Yuli Village in Hualien as well as Luye Township in Taidong. It works on a day care center principle, providing meals, health information, help in life in general and in seeking medical assistance.
- ♥ Tongle Village, Tribal Kitchen, Meal Delivery House have become places local seniors depend on for assistance.
- ♥ The existent meal delivery mechanism has been coupled with Good Neighbor meal delivery personnel who deliver every two months. We have also developed meal packages for victims of disasters, in the event that the roads become impassable because of a natural disaster and food cannot be delivered to the elderly. It is PCSC's hope that the people of Taiwan will take part in various activities to enable us to assist in excess of 660,000 disadvantaged seniors in Eastern Taiwan.



### Total

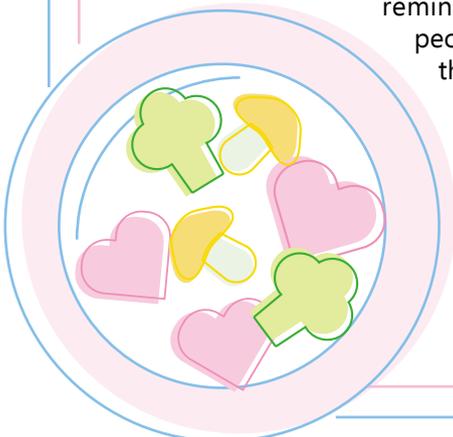
# 169,557

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President Chain Store Corp. - Good Neighbor

### Case study : Mr. Pan and Mr. Lin of Hualien

Mr. Pan and Mr. Lin are both seniors that live alone in Hualien, one in Dongli Village and the other in Tokar Community. In the past, Dongli Village only had a small community development association. It didn't have any markets or buffet-style restaurants. Because cooking real meals was out of the question, Mr. Pan frequently had no choice but to eat instant noodles. He has high blood pressure, but it wasn't checked on a regular basis. The Mennonite Social Welfare Foundation organized "Tongle Village", an event in which Mr. Pan took part this past February. After enjoying the meal they prepared for him and other members of his community, he remarked that he was touched by their efforts and that he couldn't even remember the last time that he enjoyed such a sumptuous meal. Now, social workers regularly remind him to check his blood pressure and take his medicine. Now, people are looking out for him to make sure that he is eating well and that he is healthy. Mr. Lin is 77 and lives alone near "Tribal Kitchen". Round trips to Yuli Township take 30-45 minutes, so he shops there at most once a week. He raises food at his house, but his meals generally consist of a vegetable and some rice. His meals were not nutritionally balanced, but since he has been going to the Tribal Kitchen, he has been eating with friends that live on their own in the community. He is impressed with how tasty and nutritious the food is. Tribal Kitchen provides meals three days a week, thereby making sure that seniors that live alone in the tribal community are receiving nutritious meals and are cared for.



## Happiness Is Everywhere - Community Care Stations

Beginning in 2014, 7-ELEVEN made care for disadvantaged elders a year-round priority. We fulfill our potential as a local bastion of compassion to more effectively mobilize our strengths for the good of the community. More and more funds and manpower have been invested each year since to ensure care for vulnerable elders who fall between the cracks of Taiwan's social welfare. Our care stations located in our more than 5,200 branches around Taiwan serve the local elderly community and represent one element of the comprehensive network of community services we have spent years developing.

### ○ Overview of Services:

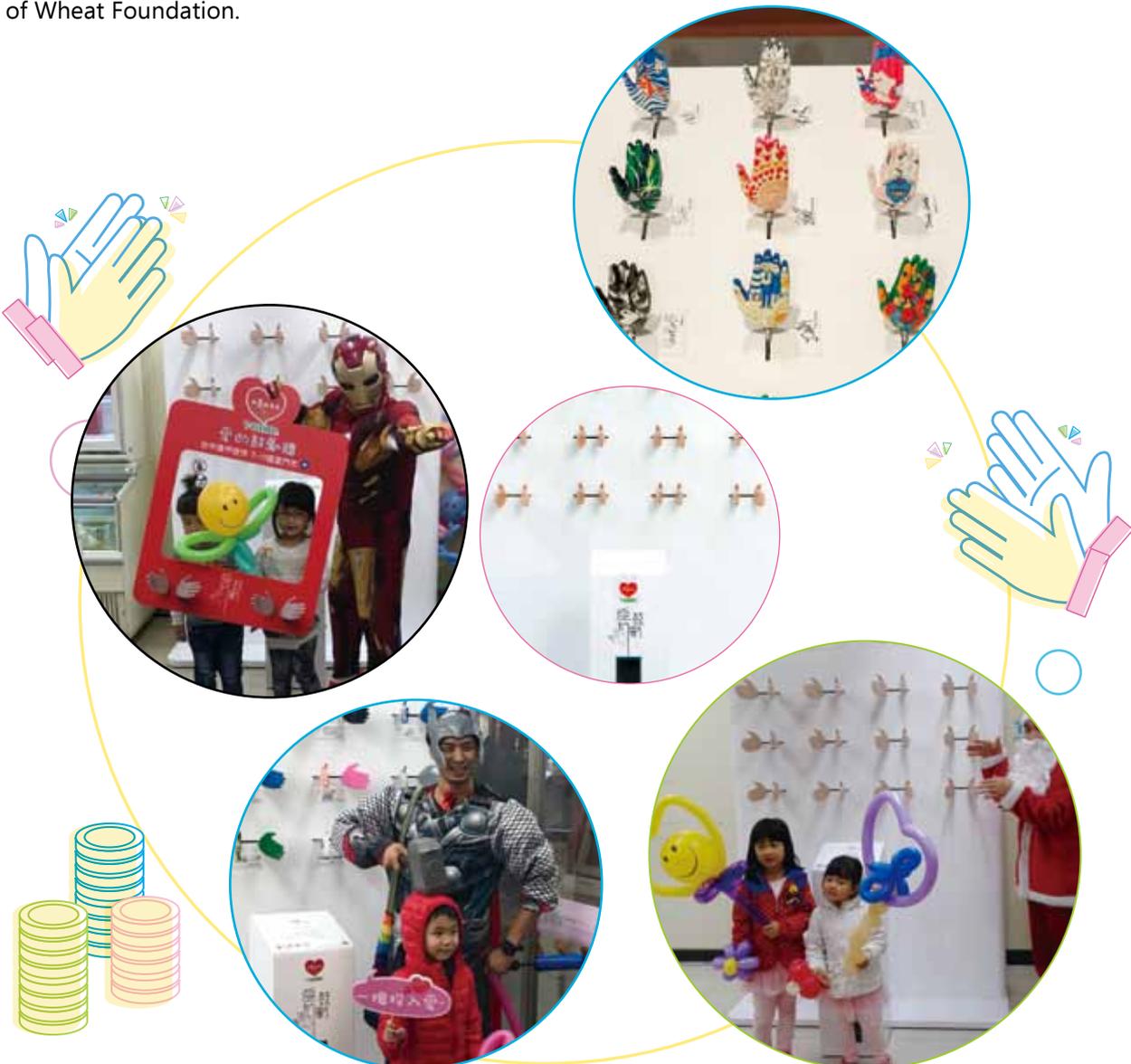
Activity	Description	Figures	Beneficiaries
Making our branch locations dementia-friendly environment			
What Time Is It? Café	Drawing a lesson from Japan and nations in Europe to provide senior citizens with dementia with a safe place to learn.	Each week, two to three seniors work as trainees at the Xindaye Branch (Thursdays 10:00-11:00 a.m.) and the Jiabei Branch (Wednesdays 2:30-3:30 p.m.).	
Our stores helped to make up the deficiency in manpower suffered by charities, thus rendering their services more complete.			
Weekend meal delivery (Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation, Sisters of Our Lady of China Foundation)	Each Sunday, managers of certain Huatung Valley stores deliver meals to 100 seniors in some of the remotest areas in Taiwan and check in on their health and well-being to make sure that they are eating well on weekends.  We have also developed disaster meal packages, in the event that roads become impassable because of a natural disaster and food cannot be delivered to the elderly.	<b>30 stores</b>	<b>9,136 meals delivered</b>
We made sure services were reaching the most vulnerable by turning stores into local community care stations and assisting organizations in their rural operations.			
Lunar New Year's Banquets	During the Lunar New Year Festival, stores organized banquets and communal clean-ups for solitary elders so that they wouldn't have to spend the holiday season alone.	<b>12 events</b>	<b>72 people</b>
Good Neighbor Health Classrooms (Pingtung Christian Hospital Foundation, Liver Disease Prevention & Treatment Research Foundation)	We organized hepatitis and dementia screenings at all rural stores in Taiwan and designed a mobile service for rural areas to bring life-saving aid to the residents' doors—helping local residents recognize the symptoms of dementia so that they can seek proper treatment as early as possible.	<b>52 events</b>	<b>3,599 people</b>
Smart Health Measurement Stations (Pingtung Christian Hospital)	The public can measure their blood pressure at smart health measurement stations installed in Pingtung stores and share their health data with 10 local medical facilities via the cloud, making medical diagnosis and treatment much more convenient.	<b>14 stores</b>	<b>43,526 people</b>
Senior Store Managers (Hongdao Senior Citizens Welfare Foundation)	Stores invited elderly members of the community to come and get a taste of retail work, reintegrating the elderly into society and giving them an opportunity to interact with the outside world.	<b>18 events</b>	<b>111 people</b>
Go Grandriders (Hongdao Foundation)	In this film, a group of older Taiwanese gentlemen take a trip around the island over the course of 12 days and 11 nights using our convenience stores along the way as rest stops and supply stations.	Over the course of their single circuit trip around the island, they stop at four store locations for supplies.	<b>104 people</b>
Ever-young shop managers / Grandparent-grandchild shop managers (Hongdao Foundation, A Kernel of Wheat Foundation)	Store locations ask seniors and their grandchildren to experience what it is like to work in stores. This gives the elderly the opportunity to come in contact and interact with the general public, while increasing their interaction with their grandkids.	<b>20 events</b>	<b>116 people</b>

Note: The above information does not include the 5,200 stores which assisted in fundraising or their beneficiaries.

## Creative initiative for happiness – Rhythm of Love Wall

Following in the spirit of the “Bring Back the Love” charity concept, to express our appreciation to people who have donated change at 7-ELEVEN checkout counters, and to encourage even more people to respond, in 2017, we worked with teams from Japan and New York to set up an electronic Rhythm of Love Wall donation box to induce interaction. Change dropped into the donation box activates a mechanism inside the Rhythm of Love Wall and 12 pairs of realistic-looking mechanical hands immediately start clapping to encourage people to donate. The clapping comes in four different modes. The Rhythm of Love Wall, a creative invention built around the core idea of immediate feedback for doing good, took in excess of six months, ten groups engaged in discussions, and hundreds of thousands of tests to make a reality. The Rhythm of Love Wall consists of two designs, each consisting of 12 pairs of hands. When change is dropped into the donation box, it sets off an infrared detector that activates the life-like hands which then clap, alternating between different rhythms. The Rhythm of Love Wall is also another creative initiative following in the wake of the “piano donation box” and the “DJ donation box” of 2015 and 2016. It is our hope that interactive methods like these, that are fun and innovative, will encourage people to donate their change as they leave the checkout counter and to cheer those who already have.

During the activity, more than 6,000 persons experienced the Rhythm of Love Wall, raising almost \$100,000 in donations which we donated to the Mennonite Social Welfare Foundation and A Kernel of Wheat Foundation.

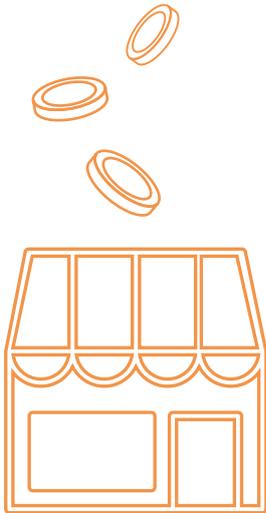


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President Chain Store Corp.- Good Neighbor

## **Happiness Comes from Within - Fundraising for Charity: ibon Machine Donations**

In 2008, our Compassion is Always Open! philanthropic platform expanded to include donation via ibon machines, which makes turning compassion into action easy and convenient, no matter the time of day or night, and strengthens the love shared by urban and rural communities. Large or small, donations are transferred to charities and other organizations in need of assistance that help restore love and hope in the lives of marginalized groups. In 2017, a total of NT\$90,511,000 was raised, with the average donation amounting to NT\$610.



Year	Total Number of Donations	Total Amount Donated (in NT\$)	Average Donation Amount (in NT\$)
2008	29,334	16,901,610	576
2009	40,013	18,616,246	465
2010	53,521	30,598,496	571.70
2011	103,135	83,436,156	809
2012	67,361	36,281,975	538.60
2013	67,754	35,827,244	528.70
2014	131,593	125,382,633	952.80
2015	219,302	237,777,468	1,084.25
2016	429,295	572,869,140	1,334.4
2017	148,204	90,511,910	610.73
<b>Total</b>	<b>1,289,512</b>	<b>1,248,202,878</b>	<b>747</b>

### East Africa Famine Project:

Due to various factors, including droughts, conflicts, and government rule in East Africa, as of 2017, more than 22 million individuals are faced with a food crisis. Over 3.5 million children are faced with malnutrition and need help from the outside. In order to provide international humanitarian assistance with convenient channels to donate, we collaborated with World Vision to launch an emergency fund drive between April 1 to 30 to help relieve the food crisis.

7-ELEVEN responded quickly, integrating its resources to assist in the wake of major disasters, from the Typhoon Morakot, the natural gas explosion in Kaohsiung, and the Taiwan Water Park dust explosion to the recent earthquake in Tainan and the famine in East Africa. We rapidly initiated our ibon emergency donation system and make full use of our channels to do our part in bringing assistance to those in need. During the food crisis in East Africa, we used all of our ibon stations in Taiwan to collect emergency donations, giving the people of Taiwan an opportunity to help the starving children and to rekindle their hope.

Total donations



**World Vision to  
NT\$1,744,000**





## The Power of Happiness - Participation in and Contributions to Charity Events

PCSC brought its corporate influence into full play in charity events in 2017. The table below is a compilation of the time and costs that we contributed to charity events over the course of 2017.

Item Contributed	Monetary Equivalent
Cash (excluding marketing and publicity)	31,266,514
Time	12,860,568
Non-monetary	107,235,000
Recurrent Management Costs	2,400,000
<b>Total</b>	<b>153,762,082</b>

Note: Calculations are based on such factors as the number of hours individuals contribute, salary, and the number of events in which they participate.

### 4.3 7-ELEVEN Happiness Platform

To be a good neighbor and to forge community prosperity on a local level, our headquarters and individual stores are taking advantage of our strong presence in the community to facilitate communication between customers, neighbors, and the greater society as well as to stimulate cultural exchange. Building on the special features and locations of different stores, we host various events, such as mountain clean-ups, tree planting activities, artistic performances, and funfest, to share PCSC's Good Neighbor spirit in every corner in Taiwan.

#### A Look Back at 2017 Activities

##### Wanfang Branch



Living in peace and harmony alongside Wanfang Hospital and its core value of enhancing community health, our store is guided by a belief in friendly service. We hope that each customer can experience quality service: warmth, friendliness, and convenience.

In 2017, we hosted a special Children's Day event, which featured performances in the main hall and a DIY baby chick lantern making event. The beloved Open Chan also made visits to young patients in their hospital rooms, scaring all boogie monsters away and brightening their day.



##### New Rende Branch



The New Rende branch of 7-ELEVEN is located in the Rende service area. We use decorations, event scheduling, and group invitations to make operations in our service more spirited and interesting which more often than not catch passers-by by surprise and bring smiles to their faces. In addition to providing our display window areas to give the Chou Ta Kuan Foundation free exposure and to serve as a place for charity and disadvantaged groups to sell things and hold performances, in 2017, it hosted performances by a total of 106 buskers and 78 activities for disadvantaged groups.



### Qingjing Farm: Mist Plaza store



The operations manager of central Taiwan was in charge of regional managers and branch managers during PCSC's "Mountain Clean-up and Tree Planting" activity in 2017. PCSC invited individuals from across Taiwan to participate. To express our appreciation for their help in cleaning up the mountain roads, we offered them a free visit to the Swiss Garden and asked them to participate in the opening ceremony festivities of the Qingjing Windmill Festival.



We collaborated with local hoteliers to organize an activity in which 270 disadvantaged children from such institutes as the Nantou Center for Children and Families were brought to the Swiss Garden for a picnic and fun. The children and their parents were given free admittance into the garden and received hanging ornaments featuring 7-ELEVEN's mascot Open Chan to serve as souvenirs for their trip.



### Supporting Local Agriculture-Southern Taiwan Science Park Branch/Houli,Taichung:Youda Branch



We are also striving to use our store locations do our part to create new value for local communities. Our Southern Taiwan Science Park location has been helping the Southern Taiwan Science Park promote local agricultural products. In the Southern Taiwan Science Park Community Center, we set up

a produce pick-up point for small farmers, where people can pick up their online vegetable orders. If local small farmers need to promote their produce, we allow them to set up promotion stalls free of charge at our locations, allowing local residents the opportunity to try locally produced agricultural products. In our Youda locations in Houli, Taichung, we took concrete action to support locally produced agricultural products. Since 2017, all of the rice used in our stores has been purchased locally from the Houli Farmer's Association. They bought NT\$2,090,000 worth of rice in 2017 alone.



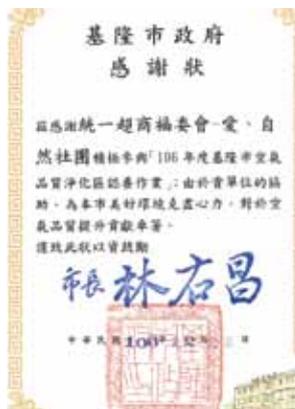
## 4.4 PCSC Welfare Committee: Love Nature Society

The PCSC Welfare Committee: Love Nature Society was established by a group of PCSC employees that are concerned about the environment and would like to do their part to protect the planet. They use their charitable activities to strengthen bonds between members and events they take part in to exercise, get in shape, and purify their souls as together they help clean up coastal areas around Taiwan. In 2017, PCSC participated in events promoted by the Environmental Protection Agency to beautify and clean up the beaches, including the Earth Day beach cleanup. We responded to government calls to adopt coastal areas by adopting Zhongjiao Shazhu Bay in Jinshan and Wanli's Green Bay and Dingliao Beach as a corporate association. We organized five beach cleanups and invited volunteers to work with us. This underscores the fact that corporations, organizations, and individuals can work side by side to protect and care for the earth and that PCSC takes concrete action to carry out its responsibilities as a global citizen and implement its environmental policies.





In 2017, PCSC also took part in the Keelung City Government's Environmental Protection Agency's Air Quality Improvement Zone Adoption Program. For this program, an organization adopts an area and then works to improve the quality of the air, primarily by planting vegetation or installing equipment to enhance the quality of the air and of the living environment. It also educates the public on leisure, the ecology, and the environment for the purpose of realizing the objective of attaining the sustainable use of resources. We planted large amounts of sakura trees, flowers, and grass to improve air quality. We also carried out work to beautify and maintain the environment, receiving commendation from the government for our efforts. With the support of the Environmental Protection Agency, at the end of the year, association members as well as teachers and students of Shanren Elementary School adopted a path next to a local dike. They then planted 150 trees along the path to help beautify the environment and encourage others to follow in their footsteps, taking concrete steps to protect the environment and care for the earth.



4

President Chain Store Corp. - Good Neighbor



# President Chain Store Corp.- Joyful Work Environment

## 2018 KPI

- The service center's online real-time processing rate reached **82%** for the first time
- Frequency-Severity Indicator below the retail industry average for the past three years in Taiwan (**0.4** average for 2015-2017)
- Zero serious work safety incidents every year
- 2018 franchise store human rights audit **100%** complete
- Held **3** symposiums on traffic and commuting



## 2017 KPI

- Below the **0.39** average retail standard in Taiwan for the past three years (2013-2016 average)
- Zero serious work safety incidents every year
- **74%** of employees underwent physical examination

Percentage of Target Reached

**100%**

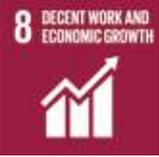
## 2016 KPI

- Below the **0.38** average retail standard in Taiwan for the past three years (2013-2015 average)
- Zero serious work safety incidents
- Increase the percentage of employees to attend physical examinations from the previous year (54% in 2015)

Percentage of Target Reached

**100%**



SDGs	SDG Content	2017 SDG Performance
 <p>Decent Work And Economic Growth</p>	<ul style="list-style-type: none"> <li>Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</li> </ul>	In 2017, over 5,200 stores, 89% of which are franchises, provided diverse products and services and continued steady growth.
	<ul style="list-style-type: none"> <li>By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</li> </ul>	Diversity and equal employment policies provide stable employment and opportunities for independent living.
	<ul style="list-style-type: none"> <li>By 2020, substantially reduce the proportion of youth not in employment, education or training</li> </ul>	
	<ul style="list-style-type: none"> <li>Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</li> </ul>	Focused on providing a safe work environment and obtained certificates for Automated External Defibrillator and breastfeeding rooms.

We have always believed that only happy employees can relay PCSC's values and only happy employees can provide superior service to surpass customers' expectations. PCSC invites all employees, franchisees, and partners to work together to achieve this goal. Through our humanistic management governed by selfless innovation, sufficient authorization, and bold efforts, we ensure that employees are flexible and active and whole-heartedly encourage all coworkers. Our comprehensive career planning, diverse education and training, healthy work environment, and generous benefits package also help to give all our partners a sense of pride and accomplishment so that they are willing to work with us and continue to achieve new milestones for PCSC.

## 5.1 Embracing various backgrounds

To execute 7-ELEVEN's spirit of service anytime, anywhere and give feedback to all retail locations and customers, eight Operations Centers were established across Taiwan along with the headquarters in Taipei. As of December 31, 2017, PCSC employed 7,877 people; expanding this number to include all franchise and subsidiary waged workers, there are over 30,000 people in our family. In addition to giving 7-ELEVEN employees a place to grow, we provide plenty of part-time opportunities to retirees and students as we require a large number of people to work on the front line and interact with customers because retail locations nationwide are open 24 hours 365 days a year. We also cooperate with general and vocational high schools, providing programs where students can earn credits while earning pay and gaining valuable experience.

With regards to waged employees, no person under the age of 15 is hired in accordance with the Labor Standards Act. Hiring is conducted under the principle that employment is the most direct way to support disadvantaged people living on their own. As such, we provide work opportunities to those with physical or mental disabilities. A total of 267 disadvantaged people (3.39% of employees) were hired at the headquarters and chain retail locations in 2017, 3.39 times more than required by law. PCSC also hired another 102 aboriginals (1.29% of employees), further expanding our multicultural work environment

○ Employee information (numbers as of Dec. 31, 2017)

Number of employees (by location)		Number of employees (by employment type)		Number of employees (by contract type)	
Northern Taiwan	2,403	Retail worker	2,385	Full-time	1,861
Central Taiwan	453	Management	204	Part-time	1,706
Southern Taiwan	711	Non-management	978		
<b>Total</b>	<b>3,567</b>				

○ Employee age distribution (numbers as of Dec. 31, 2017)

Employee type		Retail worker	Management	Non-management	Total
<30	Male	1,404	0	119	1,523
	Female	1,594	0	161	1,755
30-50	Male	919	132	758	1,809
	Female	1,541	48	770	2,359
>50	Male	62	72	101	235
	Female	131	8	57	196
<b>Total</b>		<b>5,651</b>	<b>260</b>	<b>1,966</b>	<b>7,877</b>

○ Proportion of business-related female managers (numbers as of Dec. 31, 2017)

2017	Store manager	Regional consultant	Regional manager	ZONE manager	Total
Male	71	536	68	8	683
Female	417	205	2	0	624
<b>Total (male + female)</b>	<b>488</b>	<b>741</b>	<b>70</b>	<b>8</b>	<b>1,307</b>



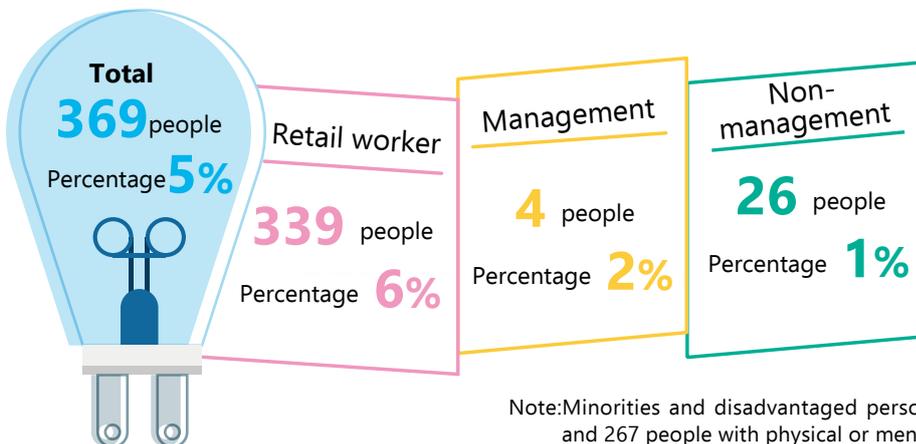
Number and percentage of new full-time hires in 2017

Gender	Age	Northern Taiwan (N1,N2,N3,Taoyuan, Hsinchu)	Central Taiwan (Changhua, Taichung, Fengqing)	Southern Taiwan (Chiayi, Tainan, Kaohsiung, Pingtung, Yilan, Hualien)	Total
	<30	47	23	14	<b>84</b>
	31-50	45	8	10	<b>63</b>
	>51	1	1	0	<b>2</b>
Percentage of new employees (Number of new hires in 2017; numbers as of Dec. 31, 2017)					<b>1.89%</b>
	<30	36	1.89%	27	<b>85</b>
	31-50	21	8	9	<b>38</b>
	>51	1	0	0	<b>1</b>
Percentage of new employees (Number of new hires in 2017; numbers as of Dec. 31, 2017)					<b>1.57%</b>

Number and percentage of full-time employees who left in 2017

Gender	Age	Northern Taiwan (N1,N2,N3,Taoyuan, Hsinchu)	Central Taiwan (Changhua, Taichung, Fengqing)	Southern Taiwan (Chiayi, Tainan, Kaohsiung, Pingtung, Yilan, Hualien)	Total
	<30	54	11	8	<b>73</b>
	31-50	74	12	14	<b>100</b>
	>51	1	0	1	<b>2</b>
Attrition rate (Number of employee who left in 2017; numbers as of Dec. 31, 2017)					<b>2.22%</b>
	<30	23	9	10	<b>42</b>
	31-50	48	5	12	<b>65</b>
	>51	11	0	5	<b>16</b>
Attrition rate (Number of employee who left in 2017; numbers as of Dec. 31, 2017)					<b>1.56%</b>

Minorities and disadvantaged groups (numbers as of Dec. 31, 2017)

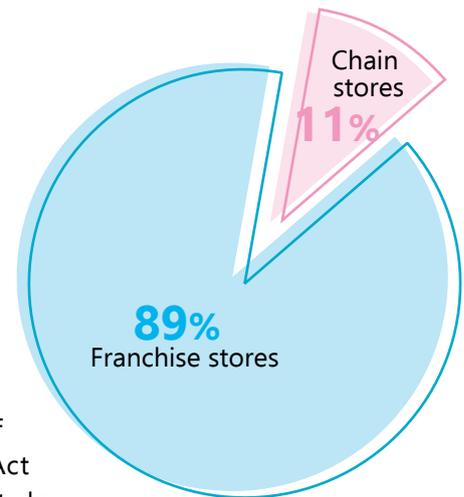


Note: Minorities and disadvantaged persons include 102 aboriginals and 267 people with physical or mental disability

## Franchisee operation

There are over 5,200 retail 7-ELEVEN locations across Taiwan; 89% of these are franchised and we have a total of 3,481 franchisees.

PCSC works alongside and shares benefits with all franchisees in order to take care of our franchisees and protect their profits. We also constantly monitor the soundness of each policy. From 2016 to 2017, PCSC invested NT\$360 million in response to the increased labor costs due to the government's adjustment of the minimum wage and amendment to the Labor Standards Act granting workers One mandatory day off and one flexible rest day. Beginning in January 2017, profit distributions for franchised stores and licensed stores increased 1%, further creating an environment promoting the creation of businesses with stable profits. We expect franchisees to work with PCSC to create an outstanding network of convenience stores. Moreover, we created a learning growth platform to help franchisees improve their business management skills. Franchisees are extremely important stakeholders in PCSC for whom we continuously express our concern; in 2017, our franchisee relations team visited 73 retail locations, attended 21 franchisee seminars, and held face-to-face meetings at 283 retail locations in order to interact, listen to their opinions, and provide feedback.



The franchisee learning growth platform not only improves their professional skills, but also helps to plan for health exams and leisure activities to create a positive franchise environment. Over NT\$10 million is invested annually to provide lectures through the platform, recognize outstanding store managers, organize a franchisee elite college, and encourage franchisee growth. In 2017, NT\$4.64 million was set aside as subsidies for franchisee vacations and other benefits. Franchisees over the age of 40 with at least 10 years partnership are also offered a NT\$16,000 health check once every two years; the 2017 budget for these health exams was NT\$9.42 million. As franchisee spouses also put tremendous effort towards managing the stores, applications are accepted to transfer these health exam subsidies to spouses. A total of 156 transfer applications were filed in 2017, of which 26.3% were approved. For other benefits offered, please see the following table:





o Franchisee insurance and benefits

Insurance

Group insurance	● In addition to store employees, franchisee family members can also be covered so that franchisees do not have to worry about their families.
Employer's Liability Insurance	● Added medical insurance for employees who work night shifts.
Personal Guarantee Insurance	● Compensation for any losses incurred by franchisees due to employee actions at work.
Franchisee/franchise store employee association	● Assistance program between franchise stores to help pay for funeral costs for direct family members.

Benefit

Group movie tickets	● 20% subsidy for group purchases of movie tickets up to 60 tickets per year.
promotions with affiliated companies	● Discounts on products from affiliated companies.
Discounts on leisure activities	● Provides franchises with opportunities for exercise, beauty treatments, and leisure. (Discounts at Uni-resort, BEING sport, and BEING spa)
Franchisee trust fund	● A tool to help franchisees save money or put away for retirement that provides investment bonuses.
Health check subsidies	● Franchisees over the age of 40 with at least 10 years partnership are also offered a NT\$16,000 health check once every two years. (Starting in 2017, applications can be filled out to transfer this incentive to spouses)

Creating a joyful atmosphere

Providing our coworkers with a comfortable, supportive, and cheerful work environment is of the utmost importance to PCSC. We hope that attentive programs, health promotion events, environment considerate of expectant mothers, and great benefits allow our partners to gain a sense of accomplishment, joy, and pride in being a part of PCSC.

Happiness Cooperative

The Happiness Cooperative was founded in 2010 to care for our coworkers, providing them with immediate and effective help and helping them build healthy habits in order to reduce work stress and health problems associated with overwork. The Happiness Cooperative helps with issues such as problems interacting with others at work, problems adjusting to work, problems at home, or problems with members of the other sex. Referrals to professional services can also be made in special circumstances or for cases that require additional care. Since 2010, 18 affiliated companies have joined the Happiness Cooperative and 22 new volunteers were trained in 2017.



Training volunteers allows them to more empathetically aid workers during consultations and cuts down on costs of referring them to Dr. Chang at an outside clinic; the estimated investment benefit is 2.0<sup>1</sup>. There were 470 cases opened with a total of 332 hours logged in 2017. Cumulatively, 2,213 hours of consultation time has been logged from its inception until the end of 2017.

- 2016 Ratio of workers who sought help vs. volunteers who sought workers who need help:



## Health improvement plan

A Health Management Plan was executed in 2013 where professional nurses were stationed in offices to provide health consultations and an infirmary was set up in the headquarter office where employees could check blood pressure, receive cold or hot compresses, receive first aid, and seek consultation. Employees were also given Health Passports, electronic bulletins, and health seminars on health education in order to encourage them to manage their health and to create a healthy, friendly, and safe work environment.

### Health tracking and medical care



- Health checks are provided to employees each year. In 2017, 6,368 people participated in the health check; employee satisfaction was 4.3 and participation was 82%.
- Full-time employees over the age of 36 and with 5 years of seniority receive a NT\$16,000 health check subsidy every two years. 1,858 employees were allowed to apply in 2017.



- Health services were introduced in 2013 (once every two months), providing employees with individual health care and consultations.
- The frequency of services was increased in 2017 to 18 times per month.
- Doctors were on-site for 424 hours and met with 363 people for one-on-one consultations. Satisfaction was 4.9
- PCSC began to employ nurses to provide health services in 2013; currently, there are four nurses on staff.
- In 2017, the nurses offered their services to 985 employees and satisfaction was 5.

<sup>1</sup>Investment efficiency = cumulative investment efficiency from 2010 to December 2017 (ratio of volunteer training costs and costs of consultation by Dr. Chang). Outside consultation by Dr. Chang costs NT\$1,960/hour \* (2,213 total hours of consultation time as of 2017)/volunteer training costs (NT\$1,924)



5

## Health promotion events:

### Health Passport



- The one-of-a-kind "My Health Passport" continued in 2017, emphasizing health management and maintaining a work-life balance. Seven diverse health promotion events were also designed with the Health Passport in mind: health checks, health knowledge, exercise, BMI, emotional growth, games, and leisure. Participation in 2017 was 31.3%.



### Weight loss events



- The weight loss events continued in 2017 along with a new weight increase competition. Incentives were arranged at different BMI intervals to encourage those over-weight and obese to lose weight. This year, 1,045 employees participated in the events and a total of 1,102.3kg was lost (47.3kg more than last year).



### Motherhood handbook



- Provides nutritional tips and advice for expectant mothers during each trimester, a healthy pregnancy app, and information on company subsidies and policies to help mothers enjoy raising their child. 35 handbooks were distributed in 2017.



### Other



- Seven other events were held sporadically: health lectures, health newsletters, contracted hospitals, vaccinations, blood drives, smoking cessation, and physical fitness. Satisfaction with the events were 4.5.

## Special PCSC benefits

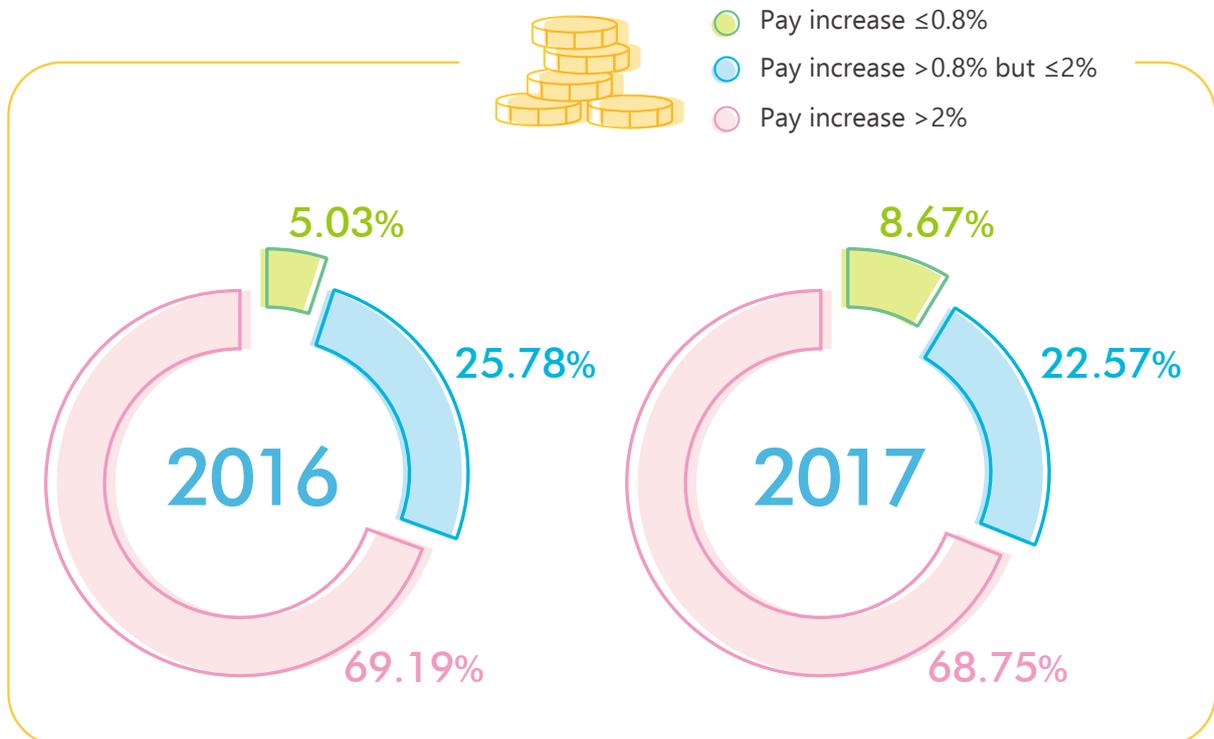
We provide our partners with competitive salaries and wages and ensure that base pay is greater than the national standard for each year through salary and benefit surveys (remuneration for new office employees (college graduates) and labor base pay (NT\$21,009) is 1.55 times higher; remuneration for advanced degree holders is 1.84 times higher; beginning pay for college graduates is based on standard salaries for current market conditions). In addition, men and women in the same position are offered the same base pay to promote equality; salary and benefits do not differ according to gender or age. A labor-management conference is held every quarter, as required by law. Five representatives from each parties negotiate matters related to benefits and administration to ensure a harmonious and friendly work environment. There was no marked difference in salary ratios for men and women in 2017, with less than 10% difference for all positions. Compared to 2016, the number of employees who received raises was about the same. The complete list of benefits is provided in the 2017 annual report<sup>2</sup>.

- Proportional salary comparisons for men and women:

Employee type	Men (Multiplier)	Women (Multiplier)
Retail worker	0.92	1
Management	1.09	1
Non-management	1.09	1

Note: Salaries compared are base salaries for 2017 plus annual bonuses.

- Percentage of salary increases for full-time employees:



Note: As an example, the percentage of employees who received raises  $\leq 2\%$  was calculated as: Percentage = (Number of employees who received raises  $\leq 2\%$ )/Total number of employees.



## Reinstatement and retention rates after parental leave:



	Men	Women	Total
Number of employees with the right to ask for unpaid parental leave in 2017	182	268	450
Number of employees who took unpaid parental leave in 2017	5	61	66
Number of employees estimated to be reinstated after unpaid parental leave in 2017	5	44	49
Actual number of employees reinstated after unpaid parental leave in 2017	0	17	17
Actual number of employees reinstated after unpaid parental leave in 2016	0	22	22
Number of employees still employed 12 months after reinstatement from parental leave in 2016	0	12	12
Reinstatement rate (%)	0.00%	38.64%	34.69%
Retention rate (%)	0.00%	54.55%	54.55%

Note:

1. Reinstatement rate: Actual number of employees reinstated after unpaid parental leave / number of employees estimated to be reinstated after unpaid parental leave
2. Retention rate: [Previous period] Number of employees still employed 12 months after reinstatement from parental leave / [Previous period] Actual number of employees reinstated after unpaid parental leave

## 5.2 Friendly and harmonious work environment

### Creating a good work environment

In order to ensure all employees work in a safe and sanitary work environment, we have organized an Occupational Safety and Health Committee and established an Occupational Safety Office in accordance with the Occupational Safety and Health Act. Meetings are held every quarter chaired by the Vice President and attended by upper management from each department and labor representatives. There are a total of 24 committee members, 5 (21%) of whom are labor representatives, who discuss company safety and health matters. Quarterly reports are written by the Occupational Safety Office and nurses to ensure workplace safety.

Four plans for preventing overloading, preventing harm due to human error, preventing illegal physical or emotional harm, and protecting maternal health were enacted in 2017 to guarantee coworkers' health and safety through prevention and recognizing risk. PCSC strives to provide a better workplace and has proudly earned certificates for workplace safety and breastfeeding rooms.

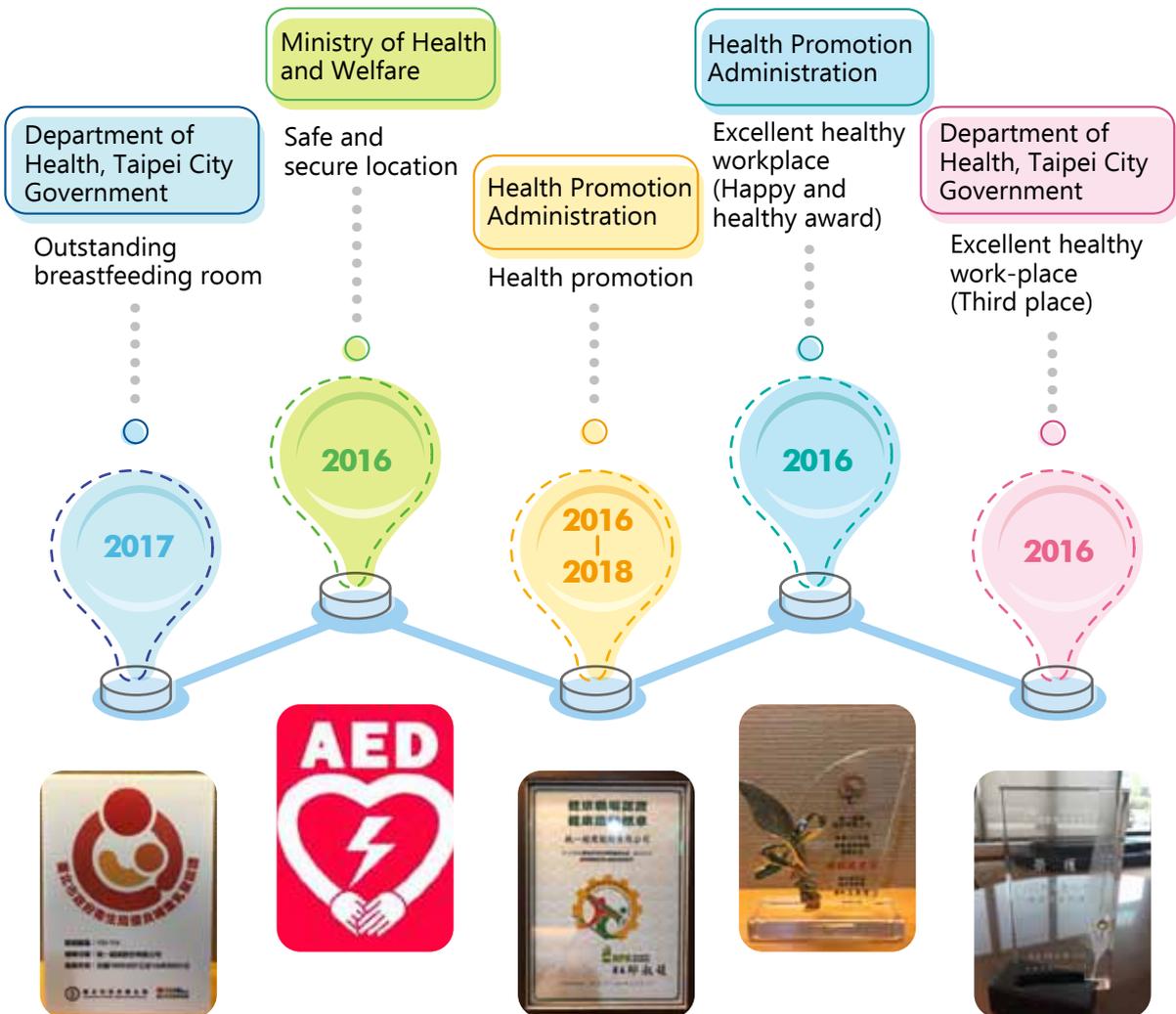


### 2017 occupational safety preventative plans

Preventing overloading	Preventing harm due to human error	Preventing illegal physical or emotional harm	Protecting maternal health
45 cases of interview and intervention for employees at risk for stroke due to overwork in 2017.	Risk identification for logistics, office, and accounting employees at all locations in 2017.	Promote and establish a workplace violence prevention plan and promote an online training course. (All logistics employees completed training in 2017; one incident was reported and handled)	Regulations for protecting and managing women's health were established in 2017; 55 cases of interview and intervention for pregnant women and new mothers.



### Health certificates and healthy workplace competitions





## Execution of occupational safety and health measures

Item	Description
<p><b>1</b> Establish health and safety organization:</p>	<ul style="list-style-type: none"> <li>The Occupational Safety Office holds a meeting for the Occupational Safety and Health Committee every quarter to promote matters related to health and safety.</li> </ul>
<p><b>2</b> Health and safety training and drills:</p>	<ul style="list-style-type: none"> <li>Trained new and current employees on health and safety matters and holds emergency evacuation drills every year to ensure safe evacuation.</li> <li>Held 44 training courses for Level C occupational safety certification, 40 training courses for first aid certification, and 1 evacuation drill.</li> <li>Approved and distributed an Occupational Safety and Health Management Handbook to retail locations.</li> </ul>
<p><b>3</b> Conduct risk assessment and safety audits:</p>	<ul style="list-style-type: none"> <li>Conducted 2 evaluations of employee work safety at high risk locations; inspected 19 high risk operations and implemented improvement measures.</li> <li>59 workplace inspections were completed in 2017; 135 infractions which were corrected, suggestions for improvements were made and 100% were adopted.</li> <li>Electricity safety was assessed at retail locations: 4 electrical safety and preventative measures were implemented—low voltage testing, circuit breaker box dividers, fire resistant cable sleeves, leakage circuit breakers</li> <li>Tested indoor air quality, water quality, and lighting and regularly cleaned and sanitized work spaces.</li> </ul>
<p><b>4</b> Health and safety events:</p>	<ul style="list-style-type: none"> <li>An occupational hazard example is published every two months to remind employees of the importance of health and safety.</li> <li>Promoted Family Day to remind employees of the importance of work-life balance.</li> </ul>
<p><b>5</b> Event safety management</p>	<ul style="list-style-type: none"> <li>Safety management procedures ensured safety for all internal and external company events; zero public safety accidents occurred.</li> <li>5 events were managed in 2017 with 620,000 people in attendance; 0 fines and 0 major accidents.</li> </ul>
<p><b>6</b> Contractor management</p>	<ul style="list-style-type: none"> <li>With source management, construction contracts with retail contractors established safety standards; 100% of projects were completed.</li> <li>1 contractor organization meeting is held every year.</li> <li>Promoted high risk work inspections: four major work zone risks were determined which were addressed and checked every quarter, effectively improving contractor compliance with work safety 70%.</li> </ul>

## 2017 Occupational hazard statistics

Every year, PCSC strives to reduce the number of occupational injuries by tracking important statistics, including annual occupational injury rate per 1000 workers, disabling injury frequency rate, disabling injury severity rate, and frequency-severity indicator (see the following table for details). According to the 2017 statistics, the disabling injury frequency rate was 1.82; considering the size of PCSC, a rate between 1 and 2 is considered normal. The main reasons this figure rose from last year are the establishment of an injury reporting mechanism and increased knowledge of and concern from managers for employee injury; as such, more incidents were reported. Along with the safety and health management plans, 2017 marked the fourth consecutive year with zero deaths or critical injuries. The frequency-severity indicators have all been less than half of those for companies in the same industry. We will continue to provide a zero workplace injury environment.

### Occupational injuries irrelevant of occupation type

Traffic + other



103

2017(no. of cases)

### Occupational injuries relevant to occupation type

Extreme temperatures



0

Ladders



3

Floors



10

Tools



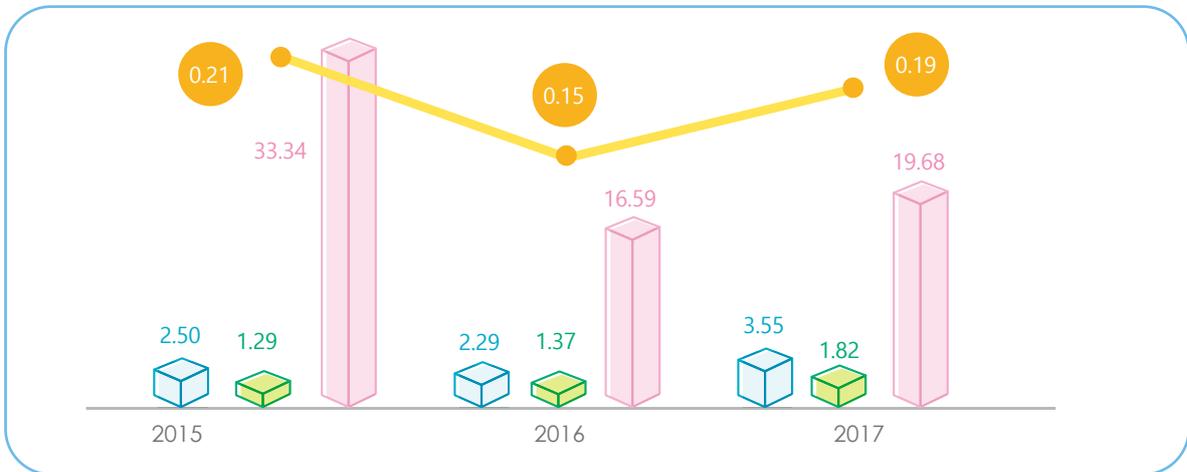
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Cargo shipments



7

### Yearly disability statistics (excluding traffic accidents)



Note: Formulas for calculation are shown below:

$$1) \text{Annual occupational hazards per 1000 workers} = \frac{\text{Number of occupational injuries}}{\text{Number of employees}} \times 1,000$$

$$2) \text{Disabling injury frequency rate} = \frac{\text{Total number of injuries and deaths}}{\text{Total number of work hours for all employees}} \times 10^6 \text{ (per million hours of work)}$$

$$3) \text{Disabling injury severity rate} = \frac{\text{Total number of days disabled}}{\text{Total number of work hours for all employees}} \times 10^6 \text{ (per million hours of work)}$$

$$4) \text{Frequency-Severity Indicator} = \sqrt{\text{Disabling injury frequency rate} \times \text{Disabling injury severity rate} \div 1000}$$

Annual occupational injuries per 1000 workers

Disabling injury frequency rate (FR)

Disabling injury severity rate (SR)

Frequency-Severity Indicator

### 2017 Absence rate (AR):

No. of days absent **8,837**

Total no. of work days **2,009,792**

Absence rate **0.44%**

Note:

1) Absence rate (AR) = Total number of days absent / Total number of work days x 100%

2) Total number of days absent includes menstrual leave and all types of sick leave (ordinary, extended, injury, and occupational)



## Human rights and labor inspections

As more workers are aware of their rights, we began labor inspector training in 2012 in order to corporate social responsibility, ensure that workers' rights meet labor regulations, and reduce operational risk to affiliated companies. Training was offered to all affiliated companies and covered laws such as the Labor Standards Act and Occupational Safety and Health Act to help those in human resources and occupational safety understand the latest developments and changes. In 2016, training was specialized into PCSC Labor Law Training, in hopes of helping affiliated companies more fully understand the laws and how to develop policies; participants learned and grew by sharing their practical experiences. In 2017, 30 companies and 116 people participated in the PCSC Labor Law Training program, helping to build more law-abiding and friendlier work environments.

In order to solidify what they had learned by putting it to practice, inspections were specially organized from 2012 to 2014 where the participants from affiliated companies went to designated companies to conduct audits. The Tanpin Kanri system was adopted in 2015 and 2016, and affiliated companies were given labor conditions and occupational safety checklists so that they could examine their own work conditions and environment and suggest measures for improvement in hopes of improving self-management.

We also audited labor and health insurance compliance, work hours, salaries, and occupational safety for all franchise retail locations; guidance was given for any locations that did not abide by relevant regulations. Inspections were completed periodically for labor and health insurance compliance and occupational safety and annually for work hours and salaries. In 2017, 4,587 stores were audited and 447 stores (9.7%) failed to meet at least one standard, 8.5% fewer stores than 2016. The most common item found in the audits was failure to give accommodation leave because these leave days were not recorded in payroll. Legal guidance was provided to offending locations and they have provided improvement plans. 417 retail locations were improved by the end of 2017; the remaining locations were added to the PCSC self-audit and Capital Inventory Services Corp. inspection bid to ensure retail locations obey the law through constant investigations. Labor law audits will continue to be utilized in the future and the improvements made at individual locations will be compared annually. Retail locations that repeatedly fail inspections for the same item will be disclosed in order to encourage complete legal compliance. Two infractions regarding compensation for overtime work and calculation of time off were found during labor inspections by the competent authority in 2017; a total of NT\$40,000 was fined and correct calculation methods were provided nation-wide.

## Clear communication between labor and management

At PCSC, we view all of our partners as part of a whole; it is our mission to integrate our employees' development into our future plans for the company. While PCSC does not currently have a union, we strive to create unity between labor and management, for example, by protecting workers' rights and creating an equal work opportunity environment free of violence, and to provide various channels for communication, such as a service center, dedicated email inboxes, stakeholder area, and internal communication platform, in order to encourage our partners to share their thoughts directly with managers. If any partner has a suggestion or feels that their rights have been violated, they can file a report through any of these platforms. There were 72 reports related to human rights filed in 2017, the majority of which were in regards to payment remittance and overtime pay disputes. All of the reports were handled within the 2017 calendar year. In addition to these communication channels, labor-management conferences are held regularly, as required by law, to ensure and improve timely and effective communication.

2017 Interest and investigative projects:



- Held 12 seminars; 125 people attended each seminar; satisfaction rated 4.6
- Modified film appreciation events and held the first zentangle classes which were very popular.
- KPI: 120 people at each seminar; satisfaction rated 4.5



- Management associates: To improve new employees adjust, a questionnaire was sent every month to new management associates who completed their third month of work; a total of 87 questionnaires were distributed and 15 people received special attention.
- Office workers: Given coffee gift cards and cards to improve manager concern and help new employees adjust and reduce turnover. There were 51 beneficiary.
- KPI: Reduce turnover rate.



- Reminders for long holidays and health checks sent every quarter
- 69% of managers took long holidays and 69% had health checks
- KPI: Percentage of target met: 65%



- Special response to 25 cases (13 office workers/12 retail workers); 63 exit interviews in total
- KPI: Interview conducted within 7 days of resignation notice



- Scheduled once every two years with focus on work stress, internal communication, work structure, and work content; improvements continued this year based on the results from 2015.
- In 2017, we collect and understand possible knowledge gaps and barriers to communication that may arise during inter-departmental cooperation to further help improvements from marketing specialists (MDR); 18 people were interviewed.

PCSC abides by the Labor Standards Act. When a relationship changes, communication is first initiated with the employee: workers who have worked continuously for more than three months but less than one year are notified ten days in advance; workers who have worked continuously for more than one year but less than three years are notified twenty days in advance; and workers who have worked continuously for more than three years are notified thirty days in advance.

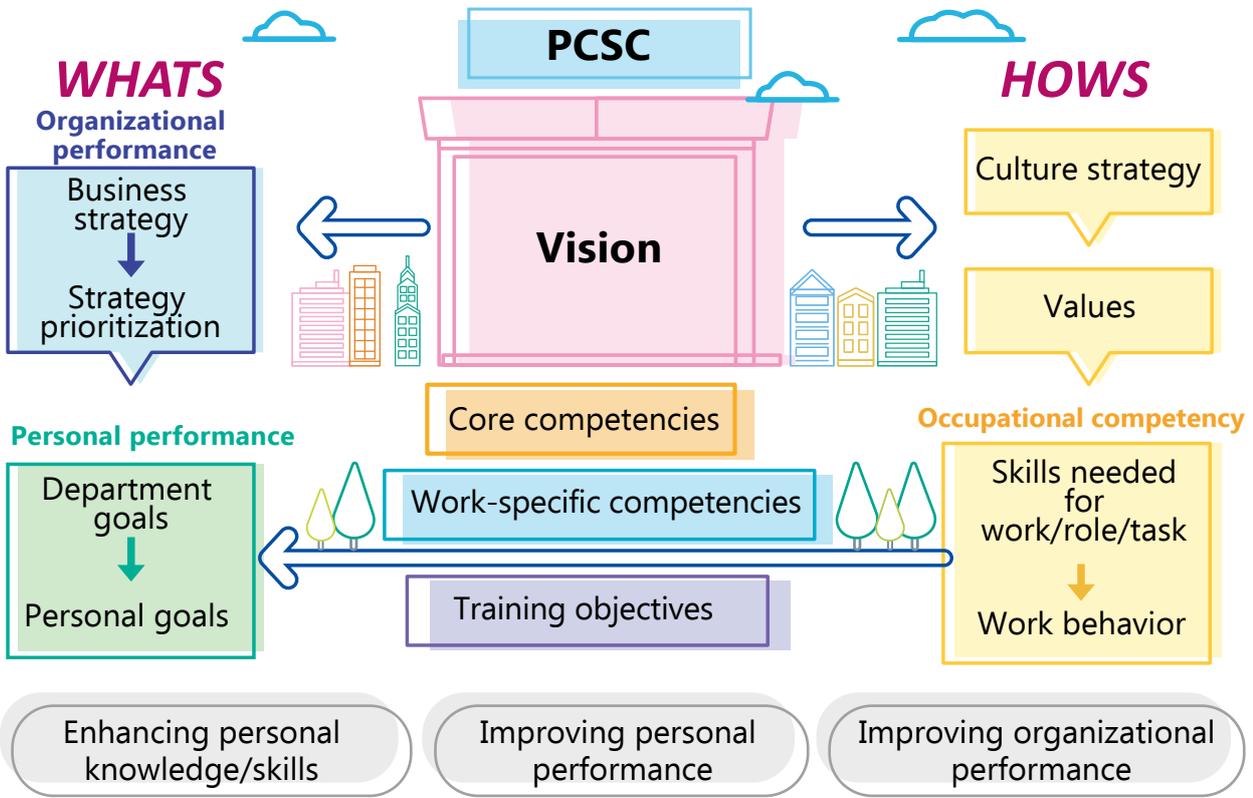
### 5.3 Expert career planning

Education and training are the driving force behind PCSC’s growth; all of our partners engage in continuing education and self-improvement. We waste no effort to train our employees and provide the same opportunities for men and women to fully support them in gaining new knowledge and skills. We have a complete training program with both hands-on and online learning to help create the premier learning-centric organization.

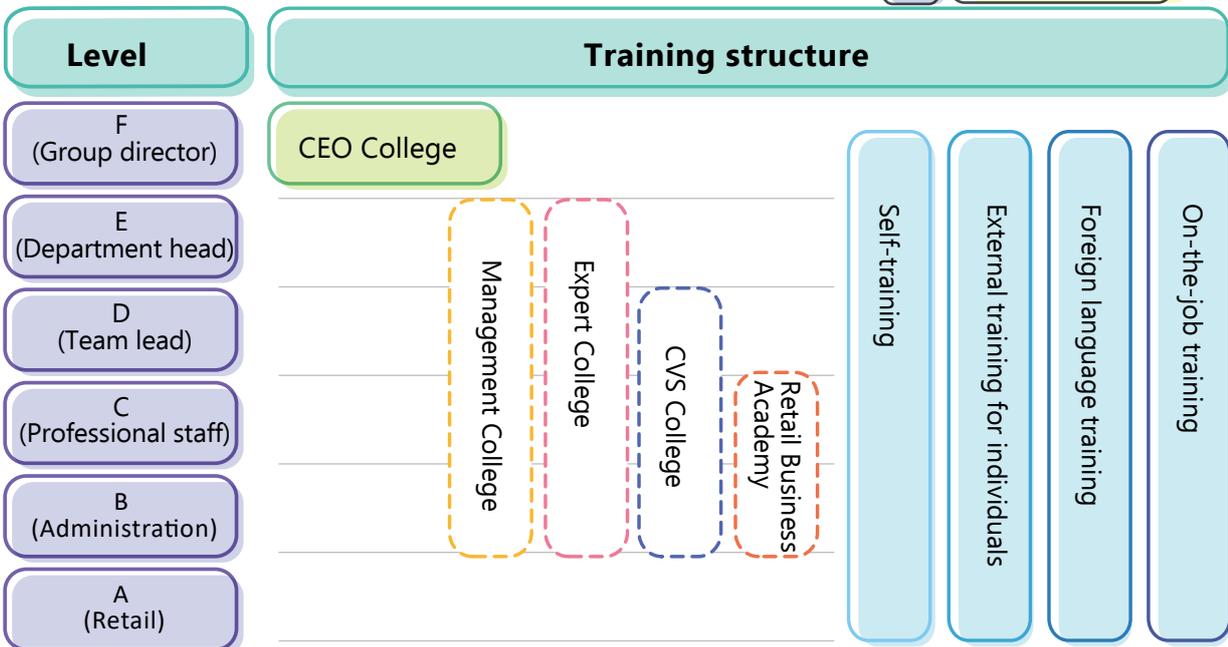
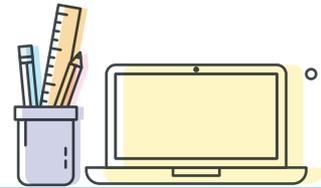
Our diverse learning opportunities foster learning anytime and anywhere. These opportunities include manager and peer guidance, knowledge management systems, outside training, company training, seminars and conferences, online learning, on-site education, on-the-job training, and both brick-and-mortar and online libraries.



### Education and training system



### PCSC 7-ELEVEN University training structure



## PCSC e-learning center:

## Education and training involvement

PCSC values employee education and allocates a great amounts of resources to education and training every year. A variety of courses are designed for employees at all levels and in all departments, including new hire training, training for each level, open courses for retail and office workers, general education, and work-specific training. Over NT\$50 million has been allocated to education and training every year for the past 5 years; in 2017, NT\$51,797,000 was spent on education and training, an average of NT\$6,576 per person.

PCSC offers both classroom courses and online courses. On average, each employee dedicates at least 25 hours/year to training; this increased to 30 hours/year/person in 2017. Altogether, 238,789 hours of education and training were logged across the entire company—the highest in the past five years. Courses on self-management and business were the most popular.

### Average hours of employee education and training in 2017 (classroom courses)

Employee type	Total hours of training	Number of employees	Average time trained (hours per person)
Upper management	1,477	50	29.5
Middle management	6,878	210	32.8
Professional staff	63,094	1,966	32.1
Technical staff (retail workers)	95,447	5,651	16.9
Total	166,896	7,877	21.2



## Average hours of employee education and training in 2017 (classroom and online courses)

Year	Number of employees	Total hours of training	Average hours of training per person
2017	7,877	238,789	30.31
2016	7,850	231,011	29.43
2015	8,274	195,997	23.69
2014	7,737	210,196	27.17
2013	7,696	182,471	23.71

### New hire education and training

Training is provided for all new hires—retail and office workers—in order to help them quickly acclimate to the company. In addition to digital courses available to start on their first day to familiarize themselves with PCSC’s core values, vision, and company culture, new hires are given a training passport to provide direction and a mentor is assigned to help adjust to the new environment. Special district consultant training passports and comprehensive courses are provided for district consultants, part of the core business team, for focused and fast learning so that they can help improve retail performance.



### Regular individual development evaluations

PCSC employees and their direct supervisors share customized “individual development plans” based on their individual education and background, job needs, performance results, and career goals that lists the courses that would best suit employees and when they should take them. In 2017, the Human Resources department published a “PCSC individual development guide—Trainer edition” for direct supervisors to use during one-on-one meetings with subordinates every six months. Helping supervisors and employees communicate and reach a consensus on their goals helps employees learn, grow, and improve their professional knowledge and skills.

- 2017 Regular individual development evaluation results: completed by 100% of employees.

	No. of people to complete evaluation	Actual no. of people who completed evaluation	%
Upper management	50	50	100%
Middle management	210	210	100%
Professional staff	1,966	1,966	100%
Technical staff (full-time retail workers)	1,914	1,914	100%
Total	4,140	4,140	100%



## Shared education

Utilizing Group training resources, PCSC and Uni-President Enterprises Corporation co-sponsored legal education and aesthetics education programs. With Uni-President Enterprises Corporation based in Southern Taiwan and PCSC based in Norther Taiwan, the two hubs provide common, elective courses and educational resources for whole group.

Legal education	Purpose	Increase legal awareness when drafting policies
	Open to	Online and classroom courses designed for all levels of employee. Group department managers or higher must attend 3 hours/year
	Classroom course	<ul style="list-style-type: none"> <li>● 2017 focused on the Fair Trade Act and the Labor Standards Act.</li> <li>● 18 classes/lectures; 614 people passed.</li> <li>● Average satisfaction for the course was 4.52 out of 5.</li> </ul>
	Online course	<ul style="list-style-type: none"> <li>● Legal common sense (Fair Trade Act, Act Governing Food Safety and Sanitation, Labor Standards Act, preventing sexual harassment and workplace violence): 2,398 people completed the course.</li> <li>● Good faith business and personal information management for new office workers: 245 people completed the course.</li> <li>● Authoritative decrees (how to legally manage incompetent employees): 105 people completed the course.</li> <li>● Operation office: preventing sexual harassment and workplace violence (held on 12/08/2017): 222 people from chain stores and 494 people from franchise stores completed the course.</li> <li>● Trademark Act and intellectual property: developing "7-ELEVEN authorized brand training handbook" with Legal Affairs to help managers and employees understand the conditions for SEI brand authorization and improve knowledge of brand use: 2,267 people completed the course.</li> </ul>
Aesthetics education	Purpose	Further career development by studying design through lectures and activities in order to improve Uni-President Group' s overall aesthetic refinement and create a group with moral character, high quality, and good taste. Focusing on 8 major arts and organized using Group resources.
	Open to	All employees can attend; department managers or higher must attend at least 2 hours/year
	Theme/no. of courses	<ul style="list-style-type: none"> <li>● 5 classes/year (4 in-class and 1 video); 891 people attended</li> <li>● Average satisfaction was 4.4</li> </ul>



## Elite program for trainees

The goal of the Elite program is to pre-select talent for management through switching roles, task assignment, and courses aimed at developing management skills and improving readiness and planning.

As these managers act as pillars in the organization, they are a crucial role that helps PCSC achieve its business targets. Therefore, the 70:20:10 Model for Learning and Development is used to help talent take on different roles and complete assignments, provide guidance and feedback to help learn from others, and plan suitable coursework to strengthen development. Evaluations help pinpoint skills that require improvement, draft an individual development plan (IDP), and set development goals. 1-on-1 coaching from managers, counseling records, and a review of the results at the end of training ensure continued and steady improvements. 28 back-up managers were trained in 2017—12 from PCSC, 4 from logistics, and 7 from cosmetics, 5 of whom were promoted. 100% of the training program was completed.

### ○ Program content:

Stage	Content	Goal
Individual development plan 	Functional evaluation Position rotation Exclusive training and guidance	Determine areas for development Draft development plan
Knowledge and skill improvement 	IDP courses Strategic executive abilities Financial courses Human resources courses Study groups	Increase managerial knowledge Strategically expand planning competency
Motivation 	Initial meeting Elite e-bulletin Talent conference	Improve learning motivation Share new information on education Talent conference
Feedback 	1-on-1 developmental coaching records Review of results	Regular counseling and interaction Examine results of training

The Human Resources Department conducts a training willingness survey approximately every three months. This year, these surveys were given to SET TEAM managers and non-manager employees in order to select those with potential to begin training for future promotion. A total of 1,753 people were surveyed in 2017, among whom 45.5% of SET TEAM managers and 37.2% of non-manager employees were willing to switch roles. In order to encourage employees to switch roles, the job description for team manager and number of openings (29) were posted; 21 PCSC employees were promoted, 5 people rotated positions and 10 people (34.5%) filled the vacancies from other affiliated companies.



## Tanpin Kanri - In Store Experience (ISE)

Customized experiences allow logistics managers to understand each store and how plans drafted at the headquarters affect the stores; as such, they can adjust accordingly when exercising future policies and can continuously optimize each retail location. Promoted since 2015 to improve experience quality, 29 facilitators have been trained in design experience and leading questions. The scope of experience managers was expanded in 2017; operation and marketing managers created secondary experiences and mixed groups (business + marketing) were used to increase the flow of ideas and exchange of opinions. 38 exercises were executed in 2017 with 76 managers participating. 102 exercises have taken place since its inception with a total of 199 manager experiences. Average satisfaction was 4.69.

Every year a TK video is filmed to help office employees understand the hard work put in by those on the front line as well as how decisions from each office department affect working on the front line. This helps office employees design systems and tools that better benefit retail locations and increase work efficiency. In 2017, all of our 28 departments watched the video and drafted proposals to help retail locations.



## OPEN Studio

All supervisors were invited to share their specialized knowledge or business management experiences. These are edited into online courses to record and disseminate their knowledge and promote a top-down learning culture. Outside lecturers were also invited in 2017 to provide managers and employees with different viewpoints. A total of 9 lectures were given with 484 attendees; average satisfaction was 4.7.

**learning**  
www.tk.hk/learning

第四大節 OPEN講

### 游泳教會我的三件事

游泳是少為人所知的運動，在內証目之一，它對個人生活有深遠之影響。一試游泳，你便知游泳與你生活息息相關。游泳與你生活息息相關，游泳與你生活息息相關...

主講人：何水晃  
供應管理 副長

日期：2017年3月16日(四)  
時間：16:00-17:00  
地點：樓上 205A會議室

報名方式：  
請親臨或電致：tk@tk.hk/learning@tk.hk 查詢 可先致電查詢  
查詢電話：2377 7930 查詢傳真：2377 7930 查詢傳真：2377 7930  
【查詢及報名日期：即日起至 2017年3月15日】

學習時數證明：  
請親臨或電致：tk@tk.hk/learning@tk.hk 查詢 可先致電查詢  
查詢電話：2377 7930 查詢傳真：2377 7930 查詢傳真：2377 7930

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大師 OPEN講

### 企業文化：組織運作的潛規則

組織文化是組織的靈魂，亦是組織運作的潛規則。組織文化是組織的靈魂，亦是組織運作的潛規則。組織文化是組織的靈魂，亦是組織運作的潛規則...

主講人：劉俊北  
總經理辦公室 副總經理

日期：2017年11月14日(四)  
時間：13:00-15:00  
地點：樓上 205A會議室

報名方式：  
請親臨或電致：tk@tk.hk/learning@tk.hk 查詢 可先致電查詢  
查詢電話：2377 7930 查詢傳真：2377 7930 查詢傳真：2377 7930  
【查詢及報名日期：即日起至 2017年11月13日】

學習時數證明：  
請親臨或電致：tk@tk.hk/learning@tk.hk 查詢 可先致電查詢  
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## District manager supply chain training

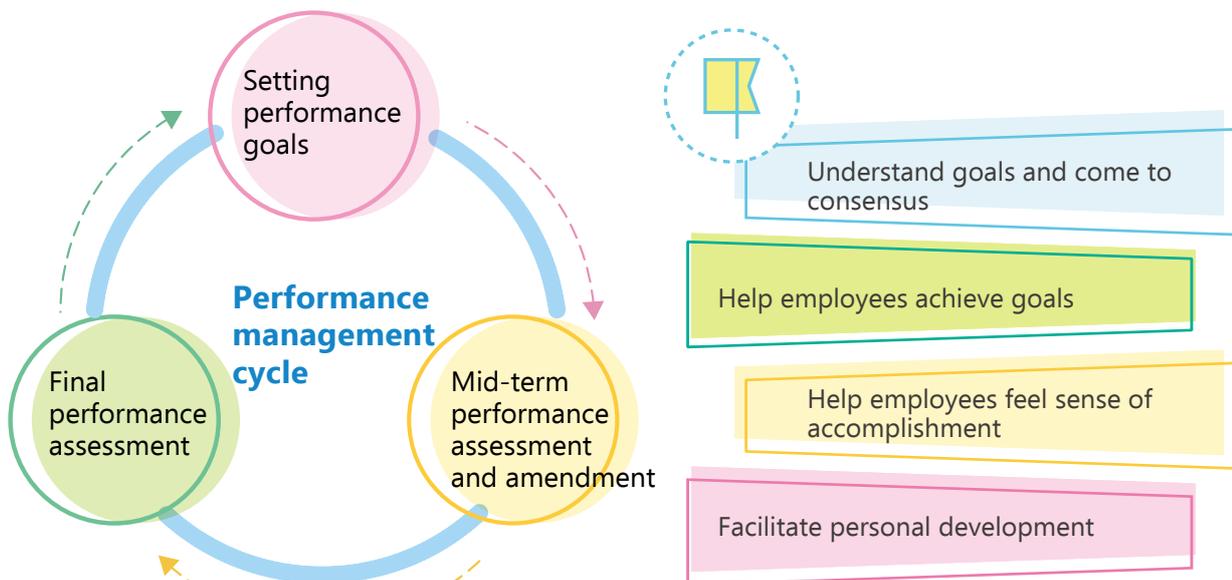
With the help of suppliers, sales, and logistics departments as well as internships opportunities in other sectors (affiliated companies), district managers are able to understand various work procedures and help retail locations develop feasible solutions or select suitable actions. This training program began in 2012 and 2017 marked its 12th session (2017/4/12 - 2017/6/3). Experiences tour were planned for 18 office groups and a retail store; and 6 affiliated companies workshop. Seven district managers participated in the 36-day supply chain training program.



## Goal-oriented performance management

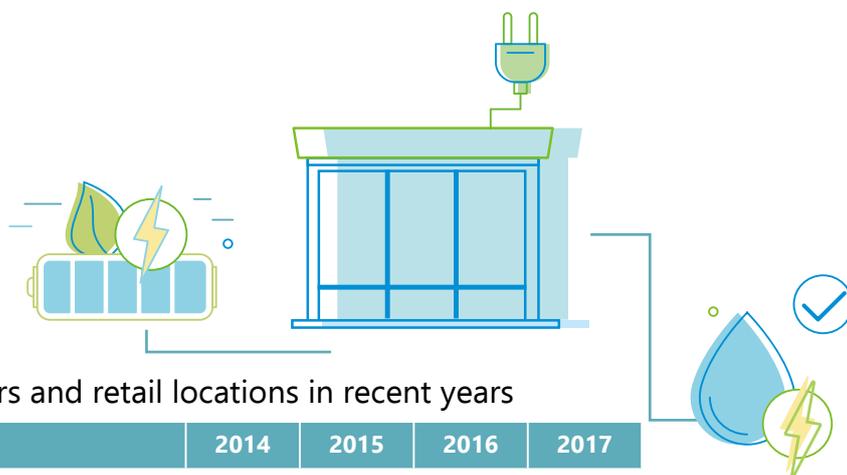
Performance management helps our partners gain a deeper understanding of corporate and personal goals and allows us to track how far we have come to achieving these goals. Performance management also allows employees to modify their goals and seek advice from managers in order to aid self-improvement. Performance evaluations and discussions also help our understanding of personal expectations, special skills, and potential so that PCSC can grow together with our employees.

Our performance management system is applicable for all of our partners<sup>3</sup>. The performance management cycle has three phases. Phase one is "Setting performance goals;" beginning in March, managers and employees discuss and set annual targets and draft personal development plans. Phase two is "Mid-term performance assessment and amendment" which takes place in July and August. Phase three is "Final performance assessment" which is carried out in December.



<sup>3</sup>Excludes employees paid by the hour, interns, and those who have been employed for less than 275 days

## Appendix – Other indexes Disclosures



### 1. Electricity use by headquarters and retail locations in recent years

	2014	2015	2016	2017
Headquarters building electricity use (10k kWh)	150	143	125	116
Retail location electricity use (10k kWh)	81,180	81,093	82,613	81,583
Regional offices and training center electricity use (10k kWh)	--	--	97	98
Total (10k kWh)	81,330	81,236	82,835	81,798

Note: Information on electricity used by retail locations for 2014-2016 was estimated based on monthly electricity bills provided by Taipower for all retail locations and the primary area in retail locations. In 2016, PCSC started keeping statistics of regional office and training center electricity use. In 2017, SGS data verification shows that retail locations include 22 shopping centers.

### 2. Total electricity costs in recent years

	2014	2015	2016	2017
Electricity costs (NT\$1000)	2,633,760	2,452,052	2,173,833	2,135,407

Note: Statistical boundaries include headquarters and retail locations; not regional offices, training centers, or shopping centers.

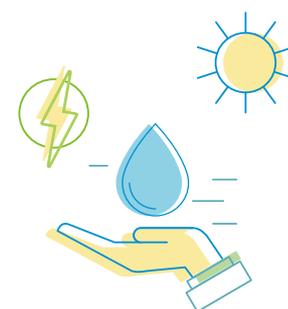
### 3. Emissions in recent years

Unit: Tons of CO<sub>2</sub>e

	Scope 1	Scope 2	Total	Inventory Boundaries
2014	115,948.900	422,949.967	538,898.867	Only retail locations; does not include headquarters/regional office/training center/shopping center electricity use.
2015	121,479.960	428,173.526	549,653.486	Only retail locations; does not include headquarters/regional office/training center/shopping center electricity use.
2016	117,313.660	438,196.536	555,510.196	Includes headquarters, regional offices, training centers, retail locations (does not include shopping centers).
2017	119,389.058	432,710.053	552,099.111	SGS verification ISO14064-1 includes headquarters, regional offices, training centers, retail locations, and shopping centers. Some retail locations are not included as PCSC was unable to obtain documents.

### 4. Water use in recent years

	2014	2015	2016	2017
Headquarters building water use (1,000 liters)	5,994	5,207	5,461	5,312
Total water use for retail locations (1,000 liters)	947,188	926,852	710,936	1,225,970
Total water use (1,000 liters)	953,182	932,059	716,397	1,231,282
Total number of retail locations	2,347	2,347	2,803	3,638





Statement TW18/00094GG

# Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2017 of  
**President Chain Store Corporation**

2F, NO.65, Tung Hsing Rd.,  
Taipei City, Taiwan



has been verified in accordance with ISO 14064-3:2006 as  
meeting the requirements of

## ISO 14064-1:2006

Direct emissions
<b>119,389.0583 tonnes of CO<sub>2</sub>e</b>
Energy indirect emissions
<b>432,710.0528 tonnes of CO<sub>2</sub>e</b>
Direct emissions and energy indirect emissions
<b>552,099.111 tonnes of CO<sub>2</sub>e</b>

Authorized by

David Huang  
Director

Date: 09 May 2018

Version 1

TGP 5615A-1 1801  
SGS Taiwan Ltd.  
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District,  
New Taipei City 24803, Taiwan  
t (02) 22993279 f (02)22999453 www.sgs.com



This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 156 of this Statement.

Page 1 of 156



SGS has been contracted by President Chain Store Corporation (hereinafter referred to as "President Chain"), 2F, NO.65, Tung Hsing Rd., Taipei City, Taiwan for the verification of direct and indirect Greenhouse Gas emissions in accordance with

**ISO 14064-3: 2006**

as provided by President Chain Store Corporation (hereinafter referred to as "President Chain"), 2F, NO.65, Tung Hsing Rd., Taipei City, Taiwan, in the GHG Assertion in the form of GHG report covering GHG emissions of the period 01 January 2017 to 31 December 2017.

**Roles and responsibilities**

The management of President Chain is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

It is SGS's responsibility to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Assertion for the period 01 January 2017 to 31 December 2017.

SGS conducted a third party verification of the provided GHG assertion against the principles of ISO 14064-1:2006, ISO 14064-3:2006 in the period 21 April 2018 to 30 April 2018. The verification was based on the verification scope, objectives and criteria as agreed between President Chain and SGS on 06 March 2018.

**Level of Assurance**

The level of assurance agreed is that of reasonable assurance.

**Scope**

President Chain has commissioned an independent verification by SGS Taiwan of reported GHG emissions of President Chain arising from retail sale of food, beverages, tobacco and other new goods in chain convenience stores activities, to establish conformance with ISO 14064 principles within the scope of the verification as outlined below.

This engagement covers verification of emission from anthropogenic sources of greenhouse gases included within the organization's boundary and is based on ISO 14064-3:2006.

- Title or description activities: GHG verification for President Chain in year 2017.
- Location/boundary of the activities:
  - This is a multi-site certificate, additional site details are listed in Appendix A.
- Physical infrastructure, activities, technologies and processes of the organization: Retail sale of food, beverages, tobacco and other new goods in chain convenience stores.
- GHG sources, sinks and/or reservoirs included: Sources as presented in the inventory spreadsheet provided by President Chain.
- Types of GHGs included: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>
- The IPCC 2007 AR4 GWP values are applied in this inventory.
- Electricity emission factor: 0.529 kgCO<sub>2</sub>e/kwh  
(Announced by Bureau of Energy, Ministry of Economic Affairs in 2017)
- Directed actions: NA
- GHG information for the following period was verified: 01 January 2017 to 31 December 2017
- The version of inventory sheet: Version 2 (30 April 2018)
- The version of GHG assertion: Version 2 (30 April 2018)
- Intended user of the verification statement: Private

#### Objective

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the GHG emissions are as declared by the organization's GHG assertion
- The data reported are accurate, complete, consistent, transparent and free of material error or omission.

#### Criteria

Criteria against which the verification assessment is undertaken are the principles of ISO 14064.

#### Materiality

The materiality required of the verification was considered by SGS to 5%, based on the needs of the intended user of the GHG Assertion.

#### Conclusion

President Chain provided the GHG assertion based on the requirements of ISO14064-1: 2006. The GHG information for the period 01 January 2017 to 31 December 2017 disclosing emissions of 552,099.111 metric tonnes of CO<sub>2</sub> equivalent and 0.0000 metric tonnes of direct CO<sub>2</sub> emissions from the combustion of biomass are verified by SGS to a reasonable level of assurance, consistent with



the agreed verification scope, objectives and criteria.

SGS's approach is risk-based, drawing on an understanding of the risks associated with reporting GHG emissions information and the controls in place to mitigate these. Our examination includes assessment, on a test basis, of evidence relevant to the amounts and disclosures in relation to the organization's reported GHG emissions.

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the GHG emissions for the period 01 January 2017 to 31 December 2017 are fairly stated.

We conducted our verification with regard to the GHG assertion of President Chain which included assessment of GHG information system, monitoring and reporting plan/protocol. This assessment included the collection of evidence supporting the reported data, and checking whether the provisions of the protocol reference, were consistently and appropriately applied.

In SGS's opinion the presented GHG assertion

- is materially correct and is a fair representation of the GHG data and information, and
- is prepared in accordance with ISO14064-1:2006 on GHG quantification, monitoring and reporting.

#### **Confidentiality**

The reports and attachments may contain relevantly confidential information of the clients. In addition to being submitted as governmental application or certification documents, the reports and attachments are not allowed to be edited, duplicated, or published without the clients' agreement in written form.

#### **Avoidance of Conflict of Interest**

The reports and attachments are completely complied with the standards and procedures that related-authorities established. The reports and attachments of auditing process are conduct with fairness and honesty. If not, the auditing institution not only has to bear the relevant compensation duties, but also to receive legal charge and punishment.

This statement shall be interpreted with the GHG assertion of President Chain as a whole.



Statement TW18/00094GG, continued

**Verifier Group**

Above statements coincide with auditing process with fairness and impartiality, and aim at the emission of year 2017 of clients.

Lead Verifier: *Kyle Lu.*

Verifier: *Belinda Shih*      *John Chiang*

*Emma Kao*      *Chris Peng*

Note: This Statement is issued, on behalf of Client, by SGS Taiwan Ltd. ("SGS") under its General Conditions for Greenhouse Gas Verification Services available at [http://www.sgs.com/terms\\_and\\_conditions.htm](http://www.sgs.com/terms_and_conditions.htm). The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted at President Chain Store Corporation, 2F, NO.65, Tung Hsing Rd., Taipei City, Taiwan. This Statement does not relieve Client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.

This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 156 of this Statement.

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## GRI G4.0 Index Comparison Table

### ○ General Standard Disclosures

GRI4.0 Indicators		Page(s)	Corresponding Section and Notes
<b>Strategy and Analysis</b>			
G4-1	Statement of sustainability issues and strategies for the issues from the most senior decision-maker	2	Message from CEO
<b>Organizational Profile</b>			
G4-3	Name of the organization	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-4	Primary brands, products, and services	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-5	Location of the organization's headquarters	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-6	Number, and names, of countries where the organization operates	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-7	Nature of ownership and legal form	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-8	Markets served	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-9	Report the scale of the organization	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-10	Number of employees by employment type, employment contract, employment region and genders.	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
G4-11	Percentage of employees covered by collective bargaining agreements	--	No trade union, not applicable.
G4-12	Organization's supply chain	34	2.President Chain Store Corp.- Happy Products and Services 2.3 Maintaining Happiness –Sustainable Supply Chain Management
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	--	No changes during the reporting period.
G4-14	The precautionary approach or principle addressed by the organization	24	1.President Chain Store Corp.- A Prosperous Company 1.3 Operating strategy and management
G4-15	List of economic ,environmental and social charters, principles, or other initiatives that are endorsed by organization and developed externally	--	No relevant situation, not applicable.

GRI4.0 Indicators		Page(s)	Corresponding Section and Notes
G4-16	List of memberships of associations(such as industry associations)and national or international advocacy organizations	15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
G4-17	List all entities included in the organization's consolidated financial statements	1	About this report
G4-18	Define how to follow the process and organization of the report content and the aspect boundaries	9	Material Issues and Stakeholder Communications
G4-19	List all the material Aspects identified in the process for defining report content	9	Material Issues and Stakeholder Communications
G4-20	For each material aspect, report the aspect boundary in the organization	9	Material Issues and Stakeholder Communications
G4-21	For each material aspect, report the aspect boundary outside the organization	9	Material Issues and Stakeholder Communications
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	--	No change, not applicable.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	--	No change, not applicable.
<b>Stakeholder Engagement</b>			
G4-24	Provide a list of stakeholder groups engaged by the organization	9	Material Issues and Stakeholder Communications
G4-25	Report the basis for identification and selection of stakeholders	9	Material Issues and Stakeholder Communications
G4-26	Report the organization's approach to stakeholder engagement	9	Material Issues and Stakeholder Communications
G4-27	Report key topics and concerns that have been raised by stakeholders, and how the organization has responded to those key topics and concerns	9	Material Issues and Stakeholder Communications
<b>Report Profile</b>			
G4-28	Reporting period for information provided	1	About this report
G4-29	Date of last report	1	About this report
G4-30	Reporting cycle	1	About this report
G4-31	Contact information	1	About this report
G4-32	GRI disclosure indicator, complying and external assured report	102	About this report GRI G4.0 Index Comparison Table
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	1	About this report
G4-34	Report the governance structure of the organization	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance

GRI4.0 Indicators		Page(s)	Corresponding Section and Notes
<b>Governance</b>			
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether the organization reports directly to the highest governance body	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-38	Report the composition of the highest governance body and its committees by: *Executive or non-executive director *Independent director *Tenure of the governance body *Other significant positions and commitments of members of governance body , and the nature of the commitments *Gender *Members of under-privileged social groups *Competences relating to economic, environmental and social impacts *Stakeholder representation	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, report his or her function within the organization's management and the reasons for this arrangement).	--	Role of CEO and chairman is split
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: *Whether and how diversity is considered *Whether and how independence is considered *Whether and how expertise and experience relating to economic, environmental and social topics are considered *Whether and how stakeholders (including shareholders) are involved	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-51	Report the remuneration policies for the highest governance body and senior executives	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance

GRI4.0 Indicators		Page(s)	Corresponding Section and Notes
<b>Ethics and Integrity</b>			
G4-56	Describe the organization's values, principles, standards and norms of behavior	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	21	1.President Chain Store Corp.- A Prosperous Company 1.2 Corporate Governance

○ Specific Standard Disclosures

Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
<b>Economic</b>				
Economic Performance	G4-EC1	Direct economic value generated and distributed by the organization	15 24	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background 1.3 Operating strategy and management
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	24	1.President Chain Store Corp.- A Prosperous Company 1.3 Operating strategy and management
	G4-EC3	Coverage of the organization's defined benefit plan obligations	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	75	President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
Indirect Economic Impacts	G4-EC8	Significant indirect economic impacts, including the extent of impacts	59 65 71	4.President Chain Store Corp.- Good Neighbor 4.1 PCSC Good Neighbor Foundation 4.2 Highlighting the idea that 7-ELEVEN offers satisfaction 4.3 7-ELEVEN Happiness Platform
Purchase Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	34	2.President Chain Store Corp.- Happy Products and Services 2.3 Maintaining Happiness - Sustainable Supply Chain Management
<b>Environmental</b>				
Materials	G4-EN1	Report the total weight or volume of materials that are used to produce and package the organization's primary products and services during reporting period	34	2.President Chain Store Corp.- Happy Products and Services 2.3 Maintaining Happiness - Sustainable Supply Chain Management

Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
Energy*	G4-DMA	Energy management approach	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN3	Energy consumption within the organization	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN4	Energy consumption outside the organization	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN5	Energy Intensity	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN6	Reduction of energy consumption	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN7	Reductions in energy requirements of products and services	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
Emissions	G4-EN15	Direct greenhouse gas emissions(scope1)	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN16	Energy indirect greenhouse gas emissions(scope2)	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN17	Other indirect greenhouse gas emissions(scope3)	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN18	Greenhouse gas emissions intensity	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN19	Reduction of greenhouse gas emissions	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
Products and Services	G4-EN27	Reduction of extent of environmental impact brought by products and services	46	3.President Chain Store Corp.- A Happy Earth 3.1 Green living through saving energy and reducing carbon
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	54	3.President Chain Store Corp.- A Happy Earth 3.2 Recycling together
Compliance *	G4-DMA	Compliance Management Approach	57	3.President Chain Store Corp.- A Happy Earth 3.4 Legal compliance
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	57	3.President Chain Store Corp.- A Happy Earth 3.4 Legal compliance
Transport	G4-EN30	Significant environmental impacts brought by transporting products ,other goods and material for the organization's operations; and transportation of employees	46	3.President Chain Store Corp.- A Happy Earth 3.1Green living through saving energy and reducing carbon
Overall	G4-EN31	Total environmental protection expenditures and investment by type	55	3.President Chain Store Corp.- A Happy Earth 3.3 Green accounting and green procurement
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that are screened using environmental criteria	34	2.President Chain Store Corp.- Happy Products and Services 2.3 Maintaining Happiness - Sustainable Supply Chain Management

Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
<b>Social</b>				
<b>Sub Categories: Labor Practices and Decent Work</b>				
Employment *	G4-DMA	Employment management approach	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
	G4-LA1	Total numbers and rates of new employee hires and employee turnover by age group, gender and region	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
	G4-LA3	Return to work and retention rates after parental leave, by gender	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
Labor/Management Relations *	G4-DMA	Labor/Management Relations Management Approach	75 83	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds 5.2 Friendly and harmonious work environment
	G4-LA4	Whether explain the minimum notice periods regarding operational changes specifically in collective negotiations	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
Occupational Health and Safety *	G4-DMA	Occupational Health and Safety Management Approach	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
	G4-LA6	Type of injury ,rates of injury, occupational diseases, lost days percentage, and absence rate, and total number of work-related fatalities, by region and by gender	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	--	No relevant situation, not applicable.
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	--	No relevant situation, not applicable.
Training and Education *	G4-DMA	Training and Education Management Approach	88	5.President Chain Store Corp.- Joyful Work Environment 5.3 Expert career planning
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	88	5.President Chain Store Corp.- Joyful Work Environment 5.3 Expert career planning
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	88	5.President Chain Store Corp.- Joyful Work Environment 5.3 Expert career planning
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	88	5.President Chain Store Corp.- Joyful Work Environment 5.3 Expert career planning

Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	75	5.President Chain Store Corp.- Joyful Work Environment 5.1 Embracing various backgrounds
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	83	5.President Chain Store Corp.- Joyful Work Environment 5.2 Friendly and harmonious work environment
Local Communities*	G4-DMA	Local Communities Management Approach	59 65	4.President Chain Store Corp.- Good Neighbor 4.1 PCSC Good Neighbor Foundation 4.2 Highlighting the idea that 7-ELEVEN offers satisfaction
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	59 65 71 72	4.President Chain Store Corp.- Good Neighbor 4.1 PCSC Good Neighbor Foundation 4.2 Highlighting the idea that 7-ELEVEN offers satisfaction 4.3 7-ELEVEN Happiness Platform 4.4 PCSC Welfare Committee: Love Nature Society
Compliance*	G4-DMA	Compliance Management Approach	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance

Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
Customer Health and Safety*	G4-DMA	Customer Health and Safety Management Approach	30	2.President Chain Store Corp.- Happy Products and Services
			34	2.1 Source of Happiness – Product Safety Management 2.3 Maintaining Happiness - Sustainable Supply Chain Management
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	30	2.President Chain Store Corp.- Happy Products and Services 2.1 Source of Happiness – Product Safety Management
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
Product and Service Labeling*	G4-DMA	Product and Service Labeling Management Approach	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
Marketing Communications*	G4-DMA	Marketing Communications Management Approach	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
	G4-PR6	Sale of banned or disputed products	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	42	2.President Chain Store Corp.- Happy Products and Services 2.4 Guarantee of Happiness - Legal Compliance
Brand Management*	Brand Management Management approach		15	1.President Chain Store Corp.- A Prosperous Company 1.1 Company scope and background
Customer Relationship Management*	Customer Relationship Management Management approach		34	2.President Chain Store Corp.- Happy Products and Services 2.2 Happy Communication - Excellent Service and Quality Assurance

- Table of enhanced disclosure items and assurance items according to Article 4, Paragraph 1 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies (hereinafter referred to as “the Rules” )

No.	Subject Matter Information	Page no.	Applicable Criteria	Regulations
1	The Merchandise Safety Committee established a systematic management system covering 100% of PCSC’s privately owned products to ensure safety and quality. In 2017, the committee convened three times, discussing such topics as government laws and regulations, contract manufacturers and supplier assessment deficiencies, product safety information, food safety testing program, and implementation progress.	30	2016 Merchandise Safety Committee organization and operations management procedures and the total number of Product Safety Committee meetings in 2016 and the types and percentage of products under its influence. The percentage is calculated according to the Merchandise Safety Committee’s scope and results of its operation; if all of the company’s products are under its influence, the percentage is 100%.	Subparagraph 1, item 1
2	PCSC drew up the “Product Safety Information Collection, Assessment, and Tracking Procedure”. It is used to track procedures for 100% of all PCSC privately owned products. In 2017, a total of 922 product safety messages were collected. NOTE: A Level and B Level product safety messages based on internal information announcement date. L Level product safety messages based on regulation information announcement date.	31	Product safety information collected in 2016 and the types and percentage of products under its influence, according to the definition of information in the Product Safety Information Collection and Inventory Tracking Standards (refer to page 31). The percentage is calculated according to the Product Safety Information Collection and Inventory Tracking Standards’ scope and results of its operation; if all of the company’s products are under its influence, the percentage is 100%.	Subparagraph 1, item 1
3	In 2017, the product categories for which primary logistics was introduced and implementation achieved 100% included fast foods (rice products, noodle products, salad), rice, bread products, bananas, and fresh vegetables (not including corn on the cob and bamboo shoots).	33	The percentage of the total amount of a given product sold in 2017 that was supplied by a firm with an initial transport and logistics distribution contract signed before the end of 2017, according to the initial transport and logistics distribution management mechanism formulated by the company (refer to page 33).	Subparagraph 1, item 1
4	Through the assistance of a management consulting firm, we also performed checks on product expiration date management and quality assurance operations. In 2017, audited stores represented 99.2% of all stores (Note). Note: Because a small number of stores closed in early 2017 or opened in late 2017, they were not audited in 2017.	33	The percentage of all retail locations in Taiwan that were audited by the consulting firm according to the retail mechanism for managing and examining expired products from shelves.	Subparagraph 1, item 1
5.	PCSC also commissioned a management consulting firm to audit store quality assurance training certification. 99.6% of branches in Taiwan received such audits in 2017 (Note). Note: A small number of stores opened in late 2017 and were not audited in 2017.	33	The annual percentage of all retail locations in Taiwan that were audited by the management consulting firm according to quality assurance training courses and exams formulated referencing the Regulations on Good Hygiene Practice for Food.	Subparagraph 1, item 1

No.	Subject Matter Information	Page no.	Applicable Criteria	Regulations
6	<p>Food products sold through PCSC stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include "Regulations on Good Hygiene Practice for Food", "Food Sanitation Standards", as well as other relevant laws issued by the Ministry of Health and Welfare. No fines were issued against PCSC in 2017 for violating any laws or regulations mentioned above.</p>	42	<p>The number of letters received from the competent authorities notifying of fines for PCSC chain retail locations violating the Act Governing Food Safety and Sanitation and its subordinate legislations.</p>	<p>Subparagraph 1, item 2</p>
<p>Not applicable as PCSC does not procure foods subject to internationally recognized accountability standards for its private label products.</p>				<p>Subparagraph 1, item 3</p>
<p>Not applicable as PCSC does not have any self-operated factories.</p>				<p>Subparagraph 1, item 4</p>
7	<p>In 2017, 51 privately owned food product suppliers (including contract manufacturers, direct raw materials supplier, and egg product suppliers) had cooperative relationships (Note 1) with PCSC. Audits were completed on 100% of them (Note 2). Of the 192 audits carried out on these 51 suppliers, 188 audits, or 97.9%, were passing. Apart from issuing fines to non-conforming suppliers in accordance with the merchandise quality contract, suppliers were also asked to undertake corrective measures and be re-evaluated. All have now achieved passing scores.</p> <p>Notes:</p> <p>1. Defined as (1) existing suppliers that passed new supplier assessment and the internal approval prior to 2017. (2) New suppliers that received certified standards in 2017. (3) Those that in 2017 applied to terminate appraisal and were approved are also counted.</p> <p>2. Business and contract production was ended with four contract manufacturers, two direct raw materials suppliers, and one egg product supplier prior to the evaluation frequency deadline specified for the rating achieved in their pre-supplier evaluations. Therefore, as stipulated in relevant regulations, no further evaluations were required in 2017.</p>	39	<p>The number of suppliers, percentages, number of audits, and results for evaluations of private label product and food suppliers according to the Regulations Governing On-site Evaluations of Factories Commissioned to Manufacture Private Label Products, Regulations on Raw Material Suppliers and Raw Materials, and Regulations Governing Raw Materials for Commercial Egg Products (refer to page 36-38).</p>	<p>Subparagraph 1, item 5</p>

No.	Subject Matter Information	Page no.	Applicable Criteria	Regulations
8	<p>In 2017, PCSC had 10 store single-use supplies suppliers in Taiwan (Note 1). Audits were completed 100% (Note 2). 13 audits were carried out on the 10 suppliers. A total of 13 evaluations were carried out on the 10 suppliers and all of them passed.</p> <p>1. "Store supplies suppliers" are domestic manufacturers that provide items that come in contact with food, like single-use paper cups and bowls, provided to customers as a service.</p> <p>2. Business and contract production was ended with Pack &amp; Proper prior to the annual evaluation. Therefore, as stipulated in relevant regulations, no further evaluations were required in 2017.</p>	39	<p>According to the "PCSC's supplies evaluation table- non-food on site evaluation (refer to page 39). The table showed number of one time used merchandise supplier evaluated, percentage, times of evaluation and results.</p>	Subparagraph 1, item 5
Not applicable as PCSC has currently not been legally required to establish a traceability system.				Subparagraph 1, item 6
9	<p>As of the end of 2017, the QC Lab established 580 tests in accordance with CNS and relevant bulletins/guidelines issued by the TFDA.</p>	31	<p>The number of tests provided by the quality control laboratory in accordance with announcements and suggestions from CNS or the Taiwan Food and Drug Administration as of the end of 2016 (see Note) and the number of tests for government-approved food additives.</p> <p>Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
10	<p>Other agencies as well as 137 non-standard tests set up by our QC Lab.</p>	31	<p>The number of non-compulsory tests provided by the quality control laboratory referencing regulations in other countries or international journals as of the end of 2017 (not according to announcements and suggestions from CNS or the Taiwan Food and Drug Administration (see Note) or for government-approved food additives).</p> <p>Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
11	<p>Our quality control laboratory received ISO/IEC17025:2005 certification from the Taiwan Accreditation Foundation.</p>	32	<p>Laboratory certified by the Taiwan Accreditation Foundation.</p>	Subparagraph 1, item 7
12	<p>Taiwan Accreditation Foundation Certification(TAF) : Validated to test for 4 microorganisms according to ISO/IEC17025:2005.</p>	32	<p>Items certified by and total of certifications from the Taiwan Accreditation Foundation.</p>	Subparagraph 1, item 7

No.	Subject Matter Information	Page no.	Applicable Criteria	Regulations
13	<p>Taiwan Food and Drug Administration (TFDA) Certified Item:</p> <ol style="list-style-type: none"> <li>1. 4 Nitrofurans metabolites</li> <li>2. 4 Chloramphenicol antibiotics</li> <li>3. 48 Multiresidue analysis (2)</li> <li>4. 4 Microorganisms</li> <li>5. 8 Colorants</li> <li>6. 1 Ochratoxin A</li> <li>7. 1 Patulin</li> </ol>	32	Items certified by and total of certifications from the Taiwan Food and Drug Administration.	Subparagraph 1, item 7
14	<p>QC Lab's operating costs were NT\$27,751,000, including expenses accrued from outsourced testing NT\$5,947,000 (Note), accounting for 0.019% of overall operation income.</p> <p>Note: QC Lab costs include testing, salaries, depreciation, rent, equipment maintenance, and miscellaneous purchases.</p>	32	The percentage of operating revenue on financial reports that is allotted to quality control laboratory expenditures in 2017.	Subparagraph 1, item 7
15	<p>In 2017, 963 of 983 product and raw material items tested passed for a passing rate of 98.0%.</p>	32	<p>The total number of tests, number of passed tests, and passage rates for tests in accordance with announcements and suggestions from CNS or the Taiwan Food and Drug Administration as of the end of 2016 (see Note), tests for government-approved food additives, and noncompulsory tests referencing regulations in other countries or international journals (not according to announcements and suggestions from CNS or the Taiwan Food and Drug Administration (see Note) or for government-approved food additives).</p> <p>Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
16	<p>During 2017, there were 51 suppliers (including contract manufacturers and direct raw material suppliers, and egg suppliers) for PCSC privately-owned food products that operate a total of 95 factories. 62 of the 95 factories located in Taiwan and all of them had ISO22000 certification.</p>	38	The number of private label product food suppliers, total number of factories, total number of original design manufacturers in Taiwan, ISO22000 or FSSC22000 certifications, and total number of original design manufacturers in Taiwan certified to ISO22000 or FSSC22000.	Voluntary assurance
17	<p>PCSC is not required under Article 9 of the Act Governing Food Safety and Sanitation to set up a traceability system. Nevertheless, PCSC partnered with Taiwan Delica Foods to set up a privately owned product raw material and quality assurance management database (Raw material purchasing database, MAS) and implemented traceability management directed at material and supplier information. Product specifications in the MAS system are used to specify the raw materials in our privately own food products and the suppliers. As of the end of 2017, 86% of the product specifications of our privately own food products had been completely entered into our MAS system.</p>	31	Article 9 of the Act Governing Food Safety and Sanitation and private label food product raw materials and quality assurance management database. As of the end of 2017, the percentage of the product specifications had been completed.	Voluntary assurance

## 會計師有限確信報告

資會綜字第 18002995 號

統一超商股份有限公司 公鑒：

本事務所受統一超商股份有限公司（以下稱「貴公司」）之委任，就 貴公司選定民國 106 年度企業社會責任報告書所報導之績效指標執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

### 確信標的資訊與適用基準

有關 貴公司選定民國 106 年度企業社會責任報告書所報導之績效指標（以下稱「確信標的資訊」）及其適用基準詳列於 貴公司民國 106 年度企業社會責任報告書第 110 至 113 頁之「確信項目彙總表」。前述確信標的資訊之報導範圍業於企業社會責任報告書第 1 頁之「報告書範疇與邊界」段落述明。

上開適用基準係為臺灣證券交易所「上市公司編製與申報企業社會責任報告書作業辦法」，以及 貴公司依行業特性與其報導之績效指標參採或自行設計其他基準。

### 管理階層之責任

貴公司管理階層之責任係依照臺灣證券交易所「上市公司編製與申報企業社會責任報告書作業辦法」，以及 貴公司依行業特性與其報導之績效指標參採或自行設計其他基準，以編製企業社會責任報告書所報導之績效指標，且維持與績效指標編製有關之必要內部控制，以確保績效指標未存有導因於舞弊或錯誤之重大不實表達。

### 會計師之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信工作，以發現前述資訊是否在所有重大方面有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執执行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執执行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所評估之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況執行下列確信程序：

- 對參與提供確信標的資訊之相關人員進行訪談，以瞭解並評估編製前述資訊之流程、所應用之資訊系統(若適用)，以及其攸關內部控制之設計及執行情形。
- 基於上述瞭解與評估，對確信標的資訊進行分析性程序，如必要時，則選取樣本進行測試，以取得有限確信之證據。

此報告不對民國 106 年度企業社會責任報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

## 會計師之獨立性及品質管制規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

本事務所適用審計準則公報第四十六號「會計師事務所之品質管制」，因此維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

## 先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

## 有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊在所有重大方面有未依臺灣證券交易所「上市公司編製與申報企業社會責任報告書作業辦法」，以及貴公司依行業特性與其報導之績效指標參採或自行設計其他基準編製而須作修正之情事。

## 其它事項

貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資 誠 聯 合 會 計 師 事 務 所

會計師 周建宏



中 華 民 國 1 0 7 年 8 月 2 2 日



**PCSC**  
Corporate Social  
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